

Department, or to officials of other departments or agencies of the Government with the consent of such departments or agencies, responsibilities in connection with the effectuation of the purposes of Title IX and these Title IX regulations (other than responsibility for review as provided in §28.625(e)), including the achievements of effective coordination and maximum uniformity within the Department and within the Executive Branch of the Government in the application of Title IX and these Title IX regulations to similar programs and in similar situations. Any action taken, determination made, or requirement imposed by an official of another department or agency acting pursuant to an assignment of responsibility under this section shall have the same effect as though such action had been taken by the designated official of this Department.

[65 FR 52885, Aug. 30, 2000]

## **PART 29—FEDERAL BENEFIT PAYMENTS UNDER CERTAIN DISTRICT OF COLUMBIA RETIREMENT PROGRAMS**

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### COLLECTION OF OVERPAYMENTS

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AUTHORITY: Subtitle A and Chapter 3 of Subtitle H, of Pub. L. 105-33, 111 Stat. 712-731 and 786-787; as amended.

SOURCE: 65 FR 77501, Dec. 12, 2000, unless otherwise noted.

## Subpart A—General Provisions

### § 29.101 Purpose and scope.

(a) This part contains the Department's regulations implementing Subtitle A, Subchapter B of Chapter 4 of Subtitle C, and Chapter 3 of Subtitle H, of Title XI of the Balanced Budget Act of 1997, Public Law 105-33, 111 Stat. 251, 712-731, 756-759, enacted August 5, 1997, as amended.

(b) This subpart contains general information to assist in the use of this part including—

(1) Information about related regulations (§ 29.102),

(2) Definitions of terms used in more than one subpart of this part (§ 29.103), and

(3) The Department's general rules and procedures, applicable to the retirement plans for District of Columbia teachers, police and fire fighters, and judges that concern the administration of Federal Benefit Payments (§§ 29.104-29.106).

(c) This part applies to Federal Benefit Payments.

(d) This part does not apply to the program of annuities, other retirement benefits, or medical benefits for mem-

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bers and officers, retired members and officers, and survivors thereof, of the United States Park Police force, the United States Secret Service, or the United States Secret Service Uniformed Division.

(e) This part does not apply to the District of Columbia replacement plan, which covers payments based on service accrued after June 30, 1997, pursuant to section 11042 of the Act.

[65 FR 77501, Dec. 12, 2000, as amended at 70 FR 60004, Oct. 14, 2005]

### § 29.102 Related regulations.

(a) This part contains the following subparts:

(1) General Provisions (Subpart A);

(2) Coordination with the District Government (Subpart B);

(3) Split Benefits (Subpart C);<sup>1</sup>

(4) Claims and Appeals Procedures (Subpart D); and

(5) Debt Collection and Waivers of Collection (Subpart E).

(b) Part 581 of Title 5, Code of Federal Regulations, contains information about garnishment of certain Federal payments to enforce awards of alimony or child support.

(c) Part 831 of Title 5, Code of Federal Regulations, contains information about benefits under the Civil Service Retirement System.

(d) Part 870 of Title 5, Code of Federal Regulations, contains information about benefits under the Federal Employees Group Life Insurance Program.

(e) Part 890 of Title 5, Code of Federal Regulations, contains information about benefits under the Federal Employees Health Benefits Program.

(f) Parts 835 and 845 and subparts M, N, and R of part 831 of title 5, Code of Federal Regulations, contain information about debt collection and waiver of collection under the Civil Service Retirement System and the Federal Employees Retirement System.

[65 FR 77501, Dec. 12, 2000, as amended at 65 FR 80753, Dec. 22, 2000; 66 FR 36705, July 13, 2001]

<sup>1</sup>The effective date for section 29.102(a)(3) and Subpart C, originally scheduled for March 31, 2001, has been postponed indefinitely.

**§ 29.103 Definitions.**

(a) In this part—

*Act* means Subtitle A, Subchapter B of Chapter 4 of Subtitle C, and Chapter 3 of Subtitle H, of Title XI of the Balanced Budget Act of 1997, Public Law 105-33, 111 Stat. 251, 712-731, 756-759, as amended.

*Benefits Administrator* means:

(1) For the Teachers Plan and the Police and Firefighters Plan under section 11041(a) of the Act:

(i) During the interim benefits administration period, the District of Columbia government; or

(ii) After the end of the interim benefits administration period:

(A) The Trustee selected by the Department under sections 11035(a) or 11085(a) of the Act;

(B) The Department, if a determination is made under sections 11035(d) or 11085(d) of the Act that, in the interest of economy and efficiency, the function of the Trustee shall be performed by the Department rather than the Trustee; or

(C) Any other agent of the Department designated to make initial benefit determinations and/or to recover or recoup or waive recovery or recoupment of overpayments of Federal Benefit Payments, or to recover or recoup debts owed to the Federal Government by annuitants; or

(2) For the Judges Plan under section 11252(b) of the Act:

(i) During the interim benefits administration period, the District of Columbia government; or

(ii) After the end of the interim benefits administration period for the Judges Plan:

(A) The Trustee selected by the Department under section 11251(a) of the Act;

(B) The Department, if a determination is made under section 11251(a) of the Act that, in the interest of economy and efficiency, the function of the Trustee shall be performed by the Department rather than the Trustee; or

(C) Any other agent of the Department designated to make initial benefit determinations and/or to recover or recoup or waive recovery or recoupment of overpayments of Federal Benefit Payments, or to recover or

recoup debts owed to the Federal Government by annuitants.

*District government* means the government of the District of Columbia.

*Department* means the United States Department of the Treasury.

*Federal Benefit Payment* means a payment for which the Department is responsible under the Act, to which an individual is entitled under the Judges Plan, the Police and Firefighters Plan, or the Teachers Plan, in such amount and under such terms and conditions as may apply under such plans, including payments made under these plans before, on, or after the October 1, 1997, effective date of the Act. Service after June 30, 1997, shall not be credited for purposes of determining the amount of any Federal Benefit Payment under the Teachers Plan and the Police and Firefighters Plan.

*Freeze date* means June 30, 1997.

*Judges Plan* means the retirement program (under subchapter III of chapter 15 of title 11 of the D.C. Code) for judges of the District of Columbia Court of Appeals or Superior Court or with judicial service with the former Juvenile Court of the District of Columbia, District of Columbia Tax Court, police court, municipal court, Municipal Court of Appeals, or District of Columbia Court of General Sessions.

*OPM* means the United States Office of Personnel Management.

*Police and Firefighters Plan* means any of the retirement programs (under chapter 6 of title 4 of the D.C. Code) for members of the Metropolitan Police Force and Fire Department in effect on June 29, 1997.

*Reconsideration* means the process of reexamining an individual's entitlement to benefits or liability for a debt to determine whether—

(1) The law and regulations were properly applied; and/or

(2) The mathematical computation of the benefit or liability is correct.

*Retirement Funds* means the District of Columbia Teachers, Police Officers, and Firefighters Federal Pension Fund established under section 11081 of the Act, the District of Columbia Judicial Retirement and Survivors Annuity Fund established under section 11252 of the Act, and their predecessor funds.

## § 29.104

*Secretary* means the Secretary of the United States Department of the Treasury or his or her designee.

*Teachers Plan* means any of the retirement programs for teachers (under chapter 12 of title 31 of the D.C. Code) in effect on June 29, 1997.

(b) In this subpart—

*Legal process* means—

(1) Any document that qualifies as legal process as defined in § 581.103 of Title 5, Code of Federal Regulations; or

(2) Any court order that Federal or District of Columbia law permits to cause all or any portion of a payment under the Judges Plan, the Police and Firefighters Plan, or the Teachers Plan to be made to a former spouse under chapter 30 of title 1 of the D.C. Code (1997).

*Representative payee* means a fiduciary to whom a payment under the Judges Plan, the Police and Firefighters Plan, or the Teachers Plan is made for the benefit of a plan participant or a survivor.

[65 FR 77501, Dec. 12, 2000, as amended at 66 FR 36705, July 13, 2001; 70 FR 60004, Oct. 14, 2005]

### § 29.104 Schedule for Federal Benefit Payments.

Federal Benefit Payments are payable on the first business day of the month following the month in which the benefit accrues. (See § 29.105(b).)

### § 29.105 Computation of time.

(a) *For filing documents.* In computing the number of days allowed for filing a document, the first day counted is the day after the action or event from which the period begins to run. If the date that ordinarily would be the last day for filing falls on a Saturday, a Sunday, a Federal holiday, or a District holiday, the period runs until the end of the next day that is not a Saturday, a Sunday, or a Federal or a District holiday.

(b) *For benefit accrual.* (1) Annuity accrues on a daily basis; one-thirtieth of the monthly rate constitutes the daily rate.

(2) Annuity does not accrue on the 31st day of any month except that annuity accrues on the 31st day of the initial month if the employee's annuity

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commences on the 31st day of a 31-day month.

(3) For accrual purposes the last day of a 28-day month counts as 3 days and the last day of a 29-day month counts as 2 days.

(c) *For counting unused sick leave.* (1) For annuity computation purposes—

(i) The service of a participant under the Police and Firefighters Plan who retires on an immediate annuity is increased by the number of days of unused sick leave to the participant's credit under a formal leave system; and

(ii) The service of a participant under the Teachers Plan who retires on an immediate annuity or dies leaving a survivor entitled to an annuity is increased by the number of days of unused sick leave to the participant's credit under a formal leave system.

(2) In general, 8 hours of unused sick leave increases total service by 1 day. In cases where more or less than 8 hours of sick leave would be charged for a day's absence, total service is increased by the number of days in the period between the date of separation and the date that the unused sick leave would have expired had the employee used it (except that holidays falling within the period are treated as work days, and no additional leave credit is earned for that period).

(3) If an employee's tour of duty changes from part time to full time or full time to part time within 180 days before retirement, the credit for unused sick leave is computed as though no change had occurred.

(d) *For counting leave without pay (LWOP) that is creditable service.* (1) Under the Police and Firefighters Plan, credit is allowed for no more than 6 months of LWOP in each calendar year.

(2)(i) Under the Teachers Plan, credit is allowed for no more than 6 months of LWOP in each fiscal year.

(ii)(A) For years prior to fiscal year 1976, each fiscal year started on July 1 and ended on the following June 30.

(B) Fiscal year 1976 started on July 1, 1975, and ended on September 30, 1976.

(C) For years starting in fiscal year 1977, each fiscal year starts on October 1 and ends on the following September 30.

**§ 29.106 Representative payees.**

For Federal Benefit Payments, representative payees will be authorized to the same extent and under the same circumstances as each plan permits for non-Federal Benefit Payments under the plan. (See e.g., section 4-629(b) of the D.C. Code (1997) (applicable to the Police and Firefighters Plan).)

**Subpart B—Coordination With the District Government****§ 29.201 Purpose and scope.**

This subpart contains information concerning the relationship between the Department and the District government in the administration of the Act and the functions of each in the administration of that Act.

[70 FR 60005, Oct. 14, 2005]

**§ 29.202 Definitions. [Reserved]****§ 29.203 Service of Process.**

To affect Federal Benefit Payments—

(a) Service must be made upon the Department at the address provided in appendix A to this subpart for—

(1) Legal process under section 659 of title 42, United States Code, and part 581 of Title 5, Code of Federal Regulations, or

(2) Any request for or notice of appointment of a custodian, guardian, or other fiduciary to receive Federal Benefit Payments as representative payees under § 29.106;

(b) All other process regarding Federal Benefit Payments (including requests for judicial review under § 29.406) must be served upon the United States in accordance with applicable law.

(c) All other process regarding Federal Benefit Payments must be served upon the United States in accordance with applicable law.

**APPENDIX A TO SUBPART B OF PART 29—ADDRESSES FOR SERVICE UNDER § 29.203**

1. The mailing address for delivery of documents described in § 29.203(a) by the United States Postal Service is: Office of DC Pensions, Department of the Treasury, Metropolitan Square Building, Room 6250, 1500 Pennsylvania Avenue, NW., Washington, DC 20220.

2. The address for delivery of documents described in § 29.203(a) by process servers, ex-

press carriers, or other forms of handcarried delivery is: Office of DC Pensions, Department of the Treasury, Metropolitan Square Building, Room 6250, 655 15th Street (F Street side), NW., Washington, DC.

[65 FR 77501, Dec. 12, 2000, as amended at 65 FR 80753, Dec. 22, 2000]

**Subpart C—Split Benefits**

SOURCE: 77 FR 64225, Oct. 19, 2012, unless otherwise noted.

**§ 29.301 Purpose and scope.**

(a) The purpose of this subpart is to address the legal and policy issues that affect the calculation of the Federal and District of Columbia portions of benefits under subtitle A of Title XI of the Balanced Budget Act of 1997, Public Law 105-33, 111 Stat. 251, 712-731, and 786-787 enacted August 5, 1997, as amended.

(1) This subpart states general principles for the calculation of Federal Benefit Payments in cases in which the Department and the District government are both responsible for paying a portion of an employee's total retirement benefits under the Police and Firefighters Plan or the Teachers Plan.

(2) This subpart provides illustrative examples of sample computations to show the application of the general principles to specific problems.

(b)(1) This subpart applies only to benefits under the Police and Firefighters Plan or the Teachers Plan for individuals who have performed service creditable under these programs on or before June 30, 1997.

(2) This subpart addresses only those issues that affect the split of fiscal responsibility for retirement benefits (that is, the calculation of Federal Benefit Payments).

(3) Issues relating to determination and review of eligibility and payments, and financial management, are beyond the scope of this subpart.

(c) This subpart does not apply to benefit calculations under the Judges Plan.

**§ 29.302 Definitions.**

In this subpart (including appendix A of this subpart)—

*Deferred retirement* means retirement under section 4-623 of the D.C. Code

## § 29.311

(1997) (under the Police and Firefighters Plan) or section 31-1231(a) of the D.C. Code (1997) (under the Teachers Plan).

*Deferred retirement age* means the age at which a deferred annuity begins to accrue, that is, age 55 under the Police and Firefighters Plan and age 62 under the Teachers Plan.

*Department service* or *departmental service* means any period of employment in a position covered by the Police and Firefighters Plan or Teachers Plan. Department service or departmental service may include certain periods of military service that interrupt a period of employment under the Police and Firefighters Plan or the Teachers Plan.

*Disability retirement* means retirement under section 4-615 or section 4-616 of the D.C. Code (1997) (under the Police and Firefighters Plan) or section 31-1225 of the D.C. Code (1997) (under the Teachers Plan), regardless of whether the disability was incurred in the line of duty.

*Enter on duty* means commencement of employment in a position covered by the Police and Firefighters Plan or the Teachers Plan.

*Excess leave without pay* or *excess LWOP* means a period of time in a non-pay status that in any year is greater than the amount creditable as service under § 29.105(d).

*Hire date* means the date the employee entered on duty.

*Military service* means—

(1) For the Police and Firefighters Plan, military service as defined in section 4-607 of the D.C. Code (1997) that is creditable as other service under section 4-602 or section 4-610 of the D.C. Code (1997); and

(2) For the Teachers Plan, military service as described in section 31-1230(a)(4) of the D.C. Code (1997).

*Optional retirement* means regular longevity retirement under section 4-618 of the D.C. Code (1997) (under the Police and Firefighters Plan) or section 31-1224(a) of the D.C. Code (1997) (under the Teachers Plan).

*Other service* means any period of creditable service other than departmental service or unused sick leave. Other service includes service that becomes creditable upon payment of a de-

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posit, such as service in another school system (under section 31-1208 of the D.C. Code (1997)) (under the Teachers Plan) or prior governmental service (under the Teachers Plan and the Police and Firefighters Plan); and service that is creditable without payment of a deposit, such as military service occurring prior to employment (under the Teachers Plan and the Police and Firefighters Plan).

*Pre-80 hire* means an individual whose annuity is computed using the formula under the Police and Firefighters Plan applicable to individuals hired before February 15, 1980.

*Pre-96 hire* means an individual whose annuity is computed using the formula under the Teachers Plan applicable to individuals hired before November 1, 1996.

*Sick leave* means unused sick leave, which is creditable in a retirement computation, as calculated under § 29.105(c).

### GENERAL PRINCIPLES FOR DETERMINING SERVICE CREDIT TO CALCULATE FEDERAL BENEFIT PAYMENTS

#### § 29.311 Credit only for service performed on or before June 30, 1997.

Only service performed on or before June 30, 1997, is credited toward Federal Benefit Payments.

#### § 29.312 All requirements for credit must be satisfied by June 30, 1997.

Service is counted toward Federal Benefit Payments only if all requirements for the service to be creditable are satisfied as of June 30, 1997.

#### § 29.313 Federal Benefit Payments are computed based on retirement eligibility as of the separation date and service creditable as of June 30, 1997.

Except as otherwise provided in this subpart, the amount of Federal Benefit Payments is computed based on retirement eligibility as of the separation date and service creditable as of June 30, 1997.

Office of the Secretary of the Treasury

§ 29.335

SERVICE PERFORMED AFTER JUNE 30,  
1997

**§ 29.321 General principle.**

Any service performed after June 30, 1997, may never be credited toward Federal Benefit Payments.

**§ 29.322 Disability benefits.**

If an employee separates for disability retirement after June 30, 1997, and, on the date of separation, the employee—

(a) Satisfies the age and service requirements for optional retirement, the Federal Benefit Payment commences immediately, that is, the Federal Benefit Payment is calculated as though the employee retired under optional retirement rules using only service through June 30, 1997 (See examples 7A and 7B of appendix A of this subpart); or

(b) Does not satisfy the age and service requirements for optional retirement, the Federal Benefit Payment begins when the disability retiree reaches deferred retirement age. (See § 29.343.)

ALL REQUIREMENTS FOR CREDIT MUST  
BE SATISFIED BY JUNE 30, 1997

**§ 29.331 General principle.**

To determine whether service is creditable for the computation of Federal Benefit Payments under this subpart, the controlling factor is whether all requirements for the service to be creditable under the Police and Firefighters Plan or the Teachers Plan were satisfied as of June 30, 1997.

**§ 29.332 Unused sick leave.**

(a) For employees separated for retirement as of June 30, 1997, Federal Benefit Payments include credit for any unused sick leave that is creditable under the applicable plan.

(b) For employees separated for retirement after June 30, 1997, no unused sick leave is creditable toward Federal Benefit Payments.

**§ 29.333 Military service.**

(a) For employees who entered on duty on or before June 30, 1997, and whose military service was performed prior to that date, credit for military service is included in Federal Benefit

Payments under the terms and conditions applicable to each plan.

(b) For employees who enter on duty after June 30, 1997, military service is not creditable toward Federal Benefit Payments, even if performed as of June 30, 1997.

(c) For employees who entered on duty on or before June 30, 1997, but who perform military service after that date, the credit for military service is not included in Federal Benefit Payments.

**§ 29.334 Deposit service.**

(a) *Teachers Plan.* (1) Periods of civilian service that were not subject to retirement deductions at the time they were performed are creditable for Federal Benefit Payments under the Teachers Plan if the deposit for the service was paid in full to the Teachers Plan as of June 30, 1997.

(2) No credit is allowed for Federal Benefit Payments under the Teachers Plan for any period of civilian service that was not subject to retirement deductions at the time it was performed if the deposit for the service was not paid in full as of June 30, 1997.

(3) If the deposit for the service was paid in installments, but was not paid in full as of June 30, 1997, Treasury shall transfer to the District an amount equal to the portion of the deposit completed prior to June 30, 1997.

(b) *Police and Firefighters Plan.* No credit is allowed for Federal Benefit Payments under the Police and Firefighters Plan for any period of civilian service that was not subject to retirement deductions at the time that the service was performed. (See definition of "governmental service" at D.C. Code section 4-607(15) (1997).)

**§ 29.335 Refunded service.**

(a) Periods of civilian service that were subject to retirement deductions but for which the deductions were refunded to the employee are creditable for Federal Benefit Payments if the re-deposit for the service was paid in full to the District government as of June 30, 1997.

(b) No credit is allowed for Federal Benefit Payments for any period of civilian service that was subject to retirement deductions but for which the

## § 29.341

deductions were refunded to the employee if the redeposit for the service was not paid in full to the District government as of June 30, 1997.

(c) If the redeposit for the service was paid in installments, but was not paid in full as of June 30, 1997, Treasury shall transfer to the District an amount equal to the portion of the redeposit completed prior to June 30, 1997.

### CALCULATION OF THE AMOUNT OF FEDERAL BENEFIT PAYMENTS

#### § 29.341 General principle.

(a) Where service is creditable both before and after June 30, 1997, Federal Benefit Payments are computed under the rules of the applicable plan as though—

(1) The employee were eligible to retire effective July 1, 1997, under the same conditions as the actual retirement (that is, using the annuity computation formula that applies under the plan in effect on June 29, 1997, and the retirement age, including any applicable age reduction, based on the age at actual retirement);

(2) The service that became creditable after June 30, 1997, did not exist; and

(3) The average salary is the average salary at separation.

(b) Exceptions to the general principle apply where:

(1) Congress amends the terms of the District Retirement Program in effect on June 29, 1997. For example, see section 11012(e) & (f) of the Balanced Budget Act of 1997, as amended by Public Laws 106-554, 107-290, and 108-133 (codified at D.C. Code section 1-803.02(e) and (f));

(2) The retirement is based on disability after June 30, 1997 (see 29.343); or

(3) The benefit is based on the death of an employee after June 30, 1997 and the survivor benefit is not based on years of service (see 29.344).

NOTE TO § 29.341: See examples 7B, 9, and 13 of appendix A of this subpart.

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#### § 29.342 Computed annuity exceeds the statutory maximum.

(a) In cases in which the total computed annuity exceeds the statutory maximum:

(1) Federal Benefit Payments may equal total benefits even if the employee had service after June 30, 1997.

(2) If the employee had sufficient service as of June 30, 1997, to qualify for the maximum annuity under the plan, the Federal Benefit Payment is the maximum annuity under the plan. This will be the entire benefit except for any amount in excess of the normal maximum due to unused sick leave, which is the responsibility of the District. (See example 3, of appendix A of this subpart.)

(b) If the employee did not perform sufficient service as of June 30, 1997, to reach the statutory maximum benefit, but has sufficient service at actual retirement to exceed the statutory maximum, the Federal Benefit Payment is the amount earned through June 30, 1997. The District benefit payment is the amount by which the total benefit payable exceeds the Federal Benefit Payment.

#### § 29.343 Disability benefits.

(a) The general rule that Federal Benefit Payments are calculated under the applicable retirement plan as though the employee were eligible for optional retirement and separated on June 30, 1997, does not apply to disability benefits prior to optional retirement age.

(b) In cases involving disability benefits prior to optional retirement age, no Federal Benefit Payment is payable until the retiree reaches the age of eligibility to receive a deferred annuity (age 55 under the Police and Firefighters Plan and age 62 under the Teachers Plan). When the age for deferred annuity is reached, the Federal Benefit Payment is paid using creditable service accrued as of June 30, 1997, and average salary (computed under the rules for the applicable plan) as of the date of separation. (See examples 6 and 7 of appendix A of this subpart.)

(c) In no case will the amount of the Federal Benefit Payment exceed the amount of the total disability annuity.

**§ 29.344 Survivor benefits.**

(a) The general rule that Federal Benefit Payments are calculated under the applicable retirement plan as though the employee were eligible for optional retirement and separated on June 30, 1997, applies to death benefits that are determined by length of service. In these cases, the survivor's Federal Benefit Payment is calculated by multiplying the survivor's total benefit by the ratio of the deceased retiree or employee's Federal Benefit Payment to the deceased retiree or employee's total annuity. (See examples 13A and B of appendix A of this subpart.)

(b) The general rule that Federal Benefit Payments are calculated under the applicable retirement plan as though the employee were eligible for optional retirement and separated on June 30, 1997, does not apply to death benefits that are not determined by length of service. In these cases, the survivor's Federal Benefit Payment is calculated by multiplying the survivor's total benefit by the deceased retiree or employee's number of full months of service through June 30, 1997, and then dividing by the retiree or employee's number of months of total service at retirement. (See examples 13C–F of appendix A of this subpart.)

(c) In cases involving a disability or early voluntary retiree who dies before reaching the age at which a Federal Benefit Payment is payable, the survivor's Federal Benefit Payment is calculated as though the employee had not retired from service, but had separated from service with eligibility to receive a deferred annuity. (See examples 13G and 13H of appendix A of this subpart.)

**§ 29.345 Annuity adjustments.**

(a) In cases in which the total annuity and the Federal Benefit Payment are equally impacted by a cost-of-living adjustment, the new Federal Benefit Payment is determined by applying the federal percentage of the total annuity to the new total annuity. (See examples 14A–G of appendix A of this subpart.)

(b) In cases in which the total annuity and the Federal Benefit Payment are not equally impacted by a change, such as a new plan provision or service-

based adjustment, the Federal Benefit Payment is recalculated where applicable, and the federal percentage of the total annuity used to determine subsequent Federal Benefit Payments is recalculated. (See example 14H of appendix A of this subpart.)

**§ 29.346 Reduction for survivor benefits.**

If a retiree elects a reduction for a survivor annuity, the ratio of the unreduced Federal Benefit Payment to the unreduced total annuity is multiplied by the reduced total annuity to determine the reduced Federal Benefit Payment. (See example 10 of appendix A of this subpart.)

CALCULATION OF THE SPLIT OF REFUNDS  
OF EMPLOYEE CONTRIBUTIONS AND DEPOSITS

**§ 29.351 General principle.**

Treasury will fund refunds of employee contributions and purchase of service deposits paid by or on behalf of a covered employee to the District of Columbia Police Officers' and Firefighters' Retirement Fund or District of Columbia Teachers' Retirement Fund on or before June 30, 1997.

**§ 29.352 Refunded contributions.**

For any given pay period, employee contributions are considered to have been made before the freeze date if the pay date was on or before June 30, 1997. As a result, for calendar year 1997, Treasury will fund refunds of employee contributions made by teachers through pay period 12 and fund refunds of employee contributions made by police officers and firefighters through pay period 13. If pay period records are unavailable for calendar year 1997, and the participant separated on or before June 30, 1997, Treasury will fund 100 percent of the refund of retirement contributions. If pay period records are unavailable for calendar year 1997, and the participant was hired before January 1, 1997, and separated after December 31, 1997, Treasury will fund 50 percent of the refund of retirement contributions made to teachers in calendar year 1997, and 48 percent of the retirement contributions made to police officers or firefighters in calendar year

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1997. Otherwise, if the participant separated after June 30, 1997, the percent of contributions made in calendar year 1997 funded by Treasury is assumed to be the ratio where the numerator is the number of days before July 1 the participant was employed in calendar year 1997 and the denominator is the number of days the participant was employed in calendar year 1997.

**§ 29.353 Refunded deposits.**

Treasury will fund refunds of purchase of service deposits made by employees by lump sum payment or by installment payments on or before June 30, 1997.

**APPENDIX A TO SUBPART C OF PART 29—EXAMPLES**

This appendix contains sample calculations of Federal Benefit Payments in a variety of situations.

**OPTIONAL RETIREMENT EXAMPLES**

**EXAMPLE 1: NO UNUSED SICK LEAVE**

A. In this example, an individual covered by the Police and Firefighters Plan hired before 1980 retires in October 1997. At retirement, he is age 51 with 20 years and 3 days of departmental service plus 3 years, 4 months, and 21 days of military service that preceded the departmental service. The Federal Benefit Payment begins at retirement. It is based on the 19 years, 8 months, and 22 days of departmental service and 3 years, 4 months, and 21 days of military service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 23 years and 1 month of service, all at the 2.5 percent accrual rate. The total annuity is based on 23 years and 4 months of service, all at the 2.5 percent accrual rate.

**EXAMPLE 1A—POLICE OPTIONAL**

[Pre-80 hire]

**Total Annuity Computation**

Birth date: 09/10/46  
Hire date: 10/09/77  
Separation date: 10/11/97  
Department service: 20/00/03  
Other service: 03/04/21  
Sick leave:  
.025 service: 23.333333  
.03 service:  
Average salary: \$45,680.80  
Total: \$26,647.12

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**EXAMPLE 1A—POLICE OPTIONAL—Continued**

[Pre-80 hire]

Total/month: \$2,221.00

**Federal Benefit Payment Computation**

Birth date: 9/10/46  
Hire date: 10/09/77  
Freeze date: 06/30/97  
Department service: 19/08/22  
Other service: 03/04/21  
Sick leave:  
.025 service: 23.083333  
.03 service:  
Average salary: \$45,680.80  
Total: \$26,361.61  
Total/month: \$2,197.00  
Total federal/month ÷ total/month: 0.989194

B. In this example, the individual covered by the Police and Firefighters Plan was hired earlier than in example 1A and thus performed more service as of both June 30, 1997, and retirement in October 1997. At retirement, he is age 51 with 21 years, 11 months and 29 days of departmental service plus 3 years, 4 months, and 21 days of military service that preceded the departmental service. The Federal Benefit Payment begins at retirement. It is based on the 21 years, 8 months, and 18 days of departmental service and 3 years, 4 months, and 21 days of military service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 25 years and 1 month of service, 1 year and 8 months at the 3.0 percent accrual rate and 23 years and 5 months at the 2.5 percent accrual rate (including 1 month consisting of 18 days of departmental service and 21 days of other service). The total annuity is based on 25 years and 4 months of service, 1 year and 11 months at the 3.0 percent accrual rate and 23 years and 5 months at the 2.5 percent accrual rate (including 1 month consisting of 29 days of departmental service and 21 days of other service).

**EXAMPLE 1B—POLICE OPTIONAL**

[Pre-80 hire]

**Total Annuity Computation**

Birth date: 09/10/46  
Hire date: 10/13/75  
Separation date: 10/11/97  
Department service: 21/11/29  
Other service: 03/04/21  
Sick leave:  
.025 service: 23.416667  
.03 service: 1.916667  
Average salary: \$45,680.80

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EXAMPLE 1B—POLICE OPTIONAL—Continued

[Pre-80 hire]

Total: \$29,368.96  
Total/month \$2,447.00

Federal Benefit Payment Computation

Birth date: 09/10/46  
Hire date: 10/13/75  
Freeze date: 06/30/97  
Department service: 21/08/18  
Other service: 03/04/21  
Sick leave:  
.025 service: 23.416667  
.03 service: 1.666667  
Average salary: \$45,680.80  
Total: \$29,026.36  
Total/month: \$2,419.00  
Total federal/month ÷ total/month: 0.988557

EXAMPLE 2: UNUSED SICK LEAVE CREDIT

In this example, an individual covered by the Police and Firefighters Plan and hired before 1980 retires in March 1998. At retirement, she is age 48 with 24 years, 8 months, and 6 days of departmental service plus 6 months and 4 days of other service (deposit paid before June 30, 1997) and 11 months and 11 days of unused sick leave. For a police officer (or a non-firefighting division firefighter) such an amount of sick leave would be 1968 hours (246 days, based on a 260-day year, times 8 hours per day). For a firefighting division firefighter, such an amount would be 2,069 hours (341 days divided by 360 days per year times 2,184 hours per year). The Federal Benefit Payment begins at retirement. It is based on the 23 years, 11 months, and 23 days of departmental service performed as of June 30, 1997, and 6 months and 4 days of other service. Thus, the Federal Benefit Payment is based on 20 years departmental and 6 months of other service at the 2.5 percent accrual rate and 3 years and 11 months of service at the 3.0 percent accrual rate. The total annuity is based on 20 years and 6 months of service at the 2.5 percent accrual rate and 5 years and 7 months of service at the 3 percent accrual rate.

EXAMPLE 2—POLICE OPTIONAL

[Pre-80 hire]

Total Annuity Computation

Birth date: 05/01/49  
Hire date: 07/08/73  
Separation date: 03/13/98  
Department service: 24/08/06  
Other service: 00/06/04  
Sick leave: 00/11/11

EXAMPLE 2—POLICE OPTIONAL—Continued

[Pre-80 hire]

.025 service: 20.5  
.03 service: 5.583333  
Average salary: \$61,264.24  
Total: \$41,659.68  
Total/month: \$3,472.00

Federal Benefit Payment Computation

Birth date: 05/01/49  
Hire date: 07/08/73  
Freeze date: 06/30/97  
Department service: 23/11/23  
Other service: 00/06/04  
Sick leave:  
.025 service: 20.5  
.03 service: 3.916667  
Average salary: \$61,264.24  
Total: \$38,596.47  
Total/month: \$3,216.00  
Total federal/month ÷ total/month: 0.926267

EXAMPLE 3: CALCULATED BENEFIT EXCEEDS STATUTORY MAXIMUM

A. In this example, an individual covered by the Police and Firefighters Plan hired before 1980 retires in March 1998. At retirement, he is age 55 with 32 years and 17 days of departmental service. The Federal Benefit Payment begins at retirement. It is based on the 31 years, 3 months, and 17 days of departmental service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 20 years of service at the 2.5 percent accrual rate and 11 years and 3 months of service at the 3.0 percent accrual rate. However, the annuity is limited to 80 percent of the average salary at time of retirement. (This limitation does not apply to the unused sick leave credit.) The annuity computed as of June 30, 1997, equals the full benefit payable; therefore, the Federal Benefit Payment is the total benefit.

EXAMPLE 3A—POLICE OPTIONAL

[Pre-80 hire]

Total Annuity Computation

Birth date: 06/12/42  
Hire date: 03/14/66  
Separation date: 03/30/98  
Department service: 32/00/17  
Other service:  
Sick leave:  
.025 service: 20  
.03 service: 12  
Average salary: \$75,328.30  
Total: \$64,782.34

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**EXAMPLE 3A—POLICE OPTIONAL—Continued**

[Pre-80 hire]

Total/month: \$5,399.00  
Maximum: \$60,262.64  
Maximum/month: \$5,022.00

**Federal Benefit Payment Computation**

Birth date: 06/12/42  
Hire date: 03/14/66  
Freeze date: 03/30/97  
Department service: 31/03/17  
Other service:  
Sick leave:  
.025 service: 20  
.03 service: 11.25  
Average salary: \$75,328.30  
Total: \$63,087.45  
Total/month: \$5,257.00  
Maximum: \$60,262.64  
Maximum/month: \$5,022.00  
Total federal/month ÷ total/month: 1.0

B. In this example, the individual in example 3A also has 6 months of unused sick leave at retirement. The sick leave credit is not subject to the 80% limitation and does not become creditable service until the date of separation. For a police officer (or a non-firefighting division firefighter) such an amount of sick leave would be 1040 hours (130 days, based on a 260-day year, times 8 hours per day). For a firefighting division firefighter, such an amount would be 1092 hours (180 days divided by 360 days per year times 2184 hours per year). Six months of unused sick leave increases the annual total benefit by 1.5 percent of the average salary, or in the example by \$94 per month. The District is responsible for the portion of the annuity attributable to the unused sick leave because it became creditable at retirement, that is, after June 30, 1997.

**EXAMPLE 3B—POLICE OPTIONAL**

[Pre-80 hire]

**Total Annuity Computation**

Birth date: 06/12/42  
Hire date: 03/14/66  
Separation date: 03/30/98  
Department service: 32/00/17  
Other service:  
Sick leave: 00/06/00  
.025 service: 20  
.03 service: 12  
Average salary: \$75,328.30  
Total wo/sl credit: \$64,782.34  
Total/month: \$5,399.00

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**EXAMPLE 3B—POLICE OPTIONAL—Continued**

[Pre-80 hire]

Max wo/sl credit: \$60,262.64  
Max w/sl credit: \$61,392.57  
Monthly benefit: \$5,116.00

**Federal Benefit Payment Computation**

Birth date: 06/12/42  
Hire date: 03/14/66  
Freeze date: 06/30/97  
Department service: 31/03/17  
Other service:  
Sick leave: none  
.025 service: 20  
.03 service: 11.25  
Average salary: \$75,328.30  
Total: \$63,087.45  
Total/month: \$5,257.00  
Maximum: \$60,262.64  
Monthly benefit: \$5,022.00  
Total federal/month ÷ total/month: 0.981626

**EXAMPLE 4: EXCESS LEAVE WITHOUT PAY**

In this example, an individual covered by the Teachers Plan hired before 1996 retires in February 1998. At retirement, she is age 64 with 27 years of departmental service and 6 years, 7 months, and 28 days of other service (creditable before June 30, 1997). However, only 6 months of leave in a fiscal year without pay may be credited toward retirement under the Teachers Plan. She had 3 months and 18 days of excess leave without pay as of June 30, 1997. Since the excess leave without pay occurred before June 30, 1997, the time attributable to the excess leave without pay is subtracted from the service used in both the Federal Benefit Payment and the total benefit computations. The Federal Benefit Payment begins at retirement. It is based on the 32 years and 8 months of service (32 years, 11 months, and 28 days minus 3 months and 18 days and the partial month dropped); 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 22 years and 8 months of service at the 2 percent accrual rate. The total annuity is based on 33 years and 4 months of service (33 years, 7 months and 28 days minus 3 months and 18 days and the partial month dropped) 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 23 years and 4 months of service at the 2 percent accrual rate.

NOTE: For the Teachers Plan, section 1230(a) of title 31 of the D.C. Code (1997) allows for 6 months leave without pay in any fiscal year. For the Police and Firefighters Plan, section 610(d) of title 4 of the D.C. Code

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(1997) allows for 6 months leave without pay in any calendar year.

**EXAMPLE 5A—TEACHERS OPTIONAL**

[Pre-96 hire]

**EXAMPLE 4—TEACHERS OPTIONAL**

[Pre-96 hire]

**Total Annuity Computation**

Birth date: 11/04/33  
Hire date: 03/01/71  
Separation date: 02/28/98  
Department service: 27/00/00  
Other service: 06/07/28  
Excess LWOP: 00/03/18  
.015 service: 5  
.0175 service: 5  
.02 service: 23.333333  
Average salary: \$53,121.00  
Total: \$33,421.98  
Total/month: \$2,785.00

**Federal Benefit Payment Computation**

Birth date: 11/04/33  
Hire date: 03/01/71  
Freeze date: 06/30/97  
Department service: 26/04/00  
Other service: 06/07/28  
Excess LWOP: 00/03/18  
.015 service: 5  
.0175 service: 5  
.02 service: 22.666667  
Average salary: \$53,121.00  
Total: \$32,713.66  
Total/month: \$2,726.00  
Total federal/month ÷ total/month: 0.978815

**EXAMPLE 5: SERVICE CREDIT DEPOSITS**

A. An individual covered by the Teachers Plan hired before 1996 retires in October 1997. At retirement, he is age 61 with 30 years and 3 days of departmental service plus 3 years, 4 months, and 21 days of other service that preceded the departmental service for which the deposit was fully paid on or before June 30, 1997. The Federal Benefit Payment begins at retirement. It is based on the 29 years, 8 months, and 22 days of departmental service and 3 years, 4 months, and 21 days of service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 33 years and 1 month of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 23 years and 1 month of service at the 2 percent accrual rate. The total annuity is based on 33 years and 4 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 23 years and 4 months of service at the 2 percent accrual rate.

**Total Annuity Computation**

Birth date: 09/10/36  
Hire date: 10/09/67  
Separation date: 10/11/97  
Department Service: 30/00/03  
Other service: 03/04/21  
Deposit paid before freeze date:  
Other service credit allowed:  
Sick leave:  
.015 service: 5  
.0175 service: 5  
.02 service: 23.333333  
Average salary: \$45,680.80  
Total: \$28,740.85  
Total/month: \$2,395.00

**Federal Benefit Payment Computation**

Birth date: 09/10/36  
Hire date: 10/09/67  
Freeze date: 06/30/97  
Department service: 29/08/22  
Other service: 03/04/21  
Deposit paid before freeze date:  
Other service credit allowed:  
Sick Leave:  
.015 service: 5  
.0175 service: 5  
.02 service: 23.08333; 13 days  
dropped  
Average salary: \$45,680.80  
Total: \$28,512.45  
Total/month: \$2,376.00  
Total federal/month ÷ total/month: 0.992067

B. In this example, the employee in example 5A did not pay any of the deposit to obtain credit for the 3 years, 4 months, and 21 days of other service as of June 30, 1997. Thus, none of the other service is used in the computation of the Federal Benefit Payment. An individual covered by the Teachers Plan hired before 1996 retires in October 1997. At retirement, he is age 61 with 30 years and 3 days of departmental service plus 3 years, 4 months, and 21 days of other service that preceded the departmental service for which the deposit was paid in full in October 1997 (at retirement). The Federal Benefit Payment begins at retirement. It is based on only the 29 years, 8 months, and 22 days of departmental service performed as of June 30, 1997; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 19 years and 8 months of service at the 2 percent accrual rate. The total annuity is based on 33 years

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and 4 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 23 years and 4 months of service at the 2 percent accrual rate.

**EXAMPLE 5B—TEACHERS OPTIONAL**

[Pre-96 hire]

**Total Annuity Computation**

Birth date: 09/10/36  
Hire date: 10/09/67  
Separation date: 10/11/97  
\$0.00  
Department service: 30/00/03  
Other service: 03/04/21  
Total deposit paid after 6/30/97:  
Sick leave:  
.015 service: 5  
.0175 service: 5  
.02 service: 23.333333  
Average salary: \$45,680.80  
Total: \$28,740.85  
Total/month: \$2,395.00

**Federal Benefit Payment Computation**

Birth date: 09/10/36  
Hire date: 10/09/67  
Freeze date: 06/30/97  
Department service: 29/08/22  
Other service: none  
Total deposit paid after 6/30/97:  
Sick leave:  
.015 service: 5  
.0175 service: 5  
.02 service: 19.666667; 22 days dropped  
Average salary: \$45,680.80  
Total: \$25,390.90  
Total/month: \$2,116.00  
Total federal/month ÷ total/month: 0.883507

C. In this example, the employee in examples 5A and B began installment payments on the deposit to obtain credit for the 3 years, 4 months, and 21 days of other service as of June 30, 1997, but did not complete the deposit until October 1997 (at retirement). The other service is not used in the computation of the Federal Benefit Payment because the payment was not completed as of June 30, 1997. Thus, the result is the same as in example 5B.

**EXAMPLE 5C—TEACHERS OPTIONAL**

[Pre-96 hire]

**Total Annuity Computation**

Birth date: 09/10/36

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**EXAMPLE 5C—TEACHERS OPTIONAL—  
Continued**

[Pre-96 hire]

Hire date: 10/09/67  
Separation date: 10/11/97  
Department service: 30/00/03  
Other service: 03/04/21  
Partial deposit paid as of 6/30/97:  
Deposit completed after 6/30/97:  
Sick leave:  
.015 service: 5  
.0175 service: 5  
.02 service: 23.333333  
Average salary: \$45,680.80  
Total: \$28,740.85  
Total/month: \$2,395.00

**Federal Benefit Payment Computation**

Birth date: 09/10/36  
Hire date: 10/09/67  
Freeze date: 06/30/97  
Department service: 29/08/22  
Other service: none  
Partial deposit paid as of 6/30/97:  
Deposit completed after 6/30/97:  
Sick leave:  
.015 service: 5  
.0175 service: 5  
.02 service: 19.666667; 22 days dropped  
Average salary: \$45,680.80  
Total: \$25,390.90  
Total/month: \$2,116.00  
Total federal/month ÷ total/month: 0.883507

**DISABILITY RETIREMENT EXAMPLES**

**EXAMPLE 6: DISABILITY OCCURS BEFORE  
ELIGIBILITY FOR OPTIONAL RETIREMENT**

A. In this example, an individual covered by the Police and Firefighters Plan hired before 1980 retires based on a disability in the line of duty in October 1997. At retirement, he is age 45 with 18 years, 5 months, and 11 days of departmental service. Since he had performed less than 20 years of service and had not reached the age of eligibility for an optional retirement, the Federal Benefit Payment does not begin at retirement. When the disability annuitant reaches age 55, he satisfies the age and service requirements for deferred retirement. At that time (August 20, 2007), the Federal Benefit Payment begins. It is based on the 18 years, 1 month, and 17 days of departmental service performed as of June 30, 1997, all at the 2.5 percent accrual rate.

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**EXAMPLE 6A—POLICE DISABILITY IN LINE OF DUTY, AGE 45**

rate, and 13 and 6 months of service at the 2 percent accrual rate.

[Pre-80 hire]

**EXAMPLE 6B—TEACHERS DISABILITY AGE 49**

[Pre-96 hire]

**Total Annuity Computation**

**Total Annuity Computation**

Birth date: 08/20/52  
Hire date: 05/14/79  
Separation date: 10/24/97  
Department service: 18/05/11  
Other service:  
Sick leave:  
.025 service: 18.416667  
.03 service:  
Average salary: \$47,788.64  
Final salary: \$50,938.00  
Total: \$22,002.70  
Total/month: \$1,834.00  
2/3 of average pay: \$31,859.11  
Monthly: \$2,655.00

Birth date: 03/09/48  
Hire date: 09/01/70  
Separation date: 12/31/97  
Department service: 27/04/00  
Other service:  
Excess LWOP: 03/03/14  
.015 service: 5  
.0175 service: 5  
.02 service: 14  
Average salary: \$53,121.00  
Total: \$23,506.04  
Total/month: \$1,959.00

**Federal Benefit Payment Computation**

**Federal Benefit Payment Computation**

Birth date: 08/20/52  
Hire date: 05/14/79  
Freeze date: 06/30/97  
Department service: 18/01/17  
Other service:  
Sick leave:  
.025 service: 18.083333  
.03 service:  
Average salary: \$47,788.64  
Final salary: \$50,938.00  
Total: \$21,604.43  
Total/month: \$1,800.00; deferred  
Total federal/month ÷ total/month: 0.0 (at time of retirement)

Birth date: 03/09/48  
Hire date: 09/01/70  
Freeze date: 06/30/97  
Department service: 26/10/00  
Other service:  
Excess LWOP: 03/03/14  
.015 service: 5  
.0175 service: 5  
.02 service: 13.5  
Average salary: \$53,121.00  
Total: \$22,974.83  
Total/month: \$1,915.00; deferred  
Total federal/month ÷ total/month: 0.0 (at time of retirement)

B. In this example, an individual covered by the Teachers Plan hired before 1996 retires based on a disability in December 1997. At retirement, she is age 49 with 27 years and 4 months of departmental service which includes 3 years, 3 months and 14 days of excess leave without pay (prior to June 30, 1997). Since she does not qualify for optional retirement at separation, the Federal Benefit Payment does not begin at separation. When the disability annuitant reaches age 62, she will satisfy the age and service requirements for deferred retirement. At that time (March 9, 2010), the Federal Benefit Payment begins. The time attributable to the excess leave without pay is subtracted from the service used to compute the Federal Benefit Payment. Since the excess leave without pay occurred before June 30, 1997, the deferred Federal Benefit Payment is based on the 23 years and 6 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual

**EXAMPLE 7: DISABILITY OCCURS AFTER ELIGIBILITY FOR OPTIONAL RETIREMENT**

A. In this example, an individual covered by the Police and Firefighters Plan hired before 1980 retires based on a disability in the line of duty in October 1997. At retirement, she is age 55 with 24 years, 5 months, and 11 days of departmental service. Since she was also eligible for optional retirement at the time of separation, the Federal Benefit Payment commences at retirement. It is based on the 24 years, 1 month, and 17 days of departmental service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 20 years of service at the 2.5 percent accrual rate and 4 years and 1 month of service at the 3 percent accrual rate. The total annuity is based on the disability formula and is equal to two-thirds of average pay because that amount is higher than the 63.25 percent payable based on total service.

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**EXAMPLE 7A—POLICE DISABILITY IN LINE OF DUTY AGE 55**

[Pre-80 hire]

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**Total Annuity Computation**

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Birth date: 10/01/42  
Hire date: 05/14/73  
Separation date: 10/24/97  
Department service: 24/05/11  
Other service:  
Sick leave:  
.025 service: 20  
.03 service: 4.416667  
Average salary: \$47,788.64  
Final salary: \$50,938.00  
Total: \$30,226.31  
Total/month: \$2,519.00  
2/3 of average pay: \$31,859.11  
Monthly: \$2,655.00

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**Federal Benefit Payment Computation**

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Birth date: 10/01/42  
Hire date: 05/14/73  
Freeze date: 06/30/97  
Department service: 24/01/17  
Other service:  
Sick leave:  
.025 service: 20  
.03 service: 4.083333  
Average salary: \$47,788.64  
Final salary: \$50,938.00  
Total: \$29,748.43  
Total/month: \$2,479.00  
Total federal/month ÷ total/month: 0.984121

B. In this example, an individual covered by the Teachers Plan hired before 1996 retires based on a disability in December 1997. At retirement, he is age 60 with 27 years and 4 months of departmental service which includes 3 years, 3 months and 14 days of excess leave without pay (prior to June 30, 1997). Since he qualifies for optional retirement at separation, the Federal Benefit Payment begins at retirement. Since the excess leave without pay occurred before June 30, 1997, and the total annuity is based on actual service (that is, exceeds the guaranteed disability minimum), the time attributable to the excess leave without pay is subtracted from the service used to compute the Federal Benefit Payment and total benefit. The Federal Benefit Payment is based on 23 years and 6 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 13 years and 6 months of service at the 2 percent accrual rate. The total annuity payable is based on 24 years of service; 5 years of service at the 1.5 percent accrual rate, 5

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years of service at the 1.75 percent accrual rate, and 14 years of service at the 2 percent accrual rate.

**EXAMPLE 7B—TEACHERS DISABILITY AGE 60**

[Pre-96 hire]

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**Total Annuity Computation**

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Birth date: 03/09/37  
Hire date: 09/01/70  
Separation date: 12/31/97  
Department service: 27/04/00  
Other service:  
Excess LWOP: 03/03/14  
.015 service: 5  
.0175 service: 5  
.02 service: 14  
Average salary: \$53,121.00  
Total: \$23,506.04  
Total/month: \$1,959.00

---

**Federal Benefit Payment Computation**

---

Birth date: 03/09/37  
Hire date: 09/01/70  
Freeze date: 06/30/97  
Department service: 26/10/00  
Other service:  
Excess LWOP: 03/03/14  
.015 service: 5  
.0175 service: 5  
.02 service: 13.5  
Average salary: \$53,121.00  
Total: \$22,974.83  
Total/month: \$1,915.00  
Total federal/month ÷ total/month: 0.977540

---

**DEFERRED RETIREMENT EXAMPLES**

**EXAMPLE 8: ALL SERVICE BEFORE JUNE 30, 1997**

In this example, an individual covered by the Police and Firefighters Plan hired before 1980 separated in March 1986 with title to a deferred annuity. In November 1997, he reaches age 55 and becomes eligible for the deferred annuity based on his 15 years, 9 months, and 8 days of departmental service, all at the 2.5 percent accrual rate. The total annuity is based on the same 15 years, 9 months, and 8 days of service all at the 2.5 percent accrual rate. Since all the service is creditable as of June 30, 1997, the Federal Benefit Payment equals the total annuity.

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EXAMPLE 8—POLICE DEFERRED

[Pre-80 hire]

Total Annuity Computation

Birth date: 11/20/42
Hire date: 06/01/70
Separation date: 03/08/86
Department service: 15/09/08
Other service:
Sick leave:
.025 service: 15.75
.03 service: 0
Average salary: \$30,427.14
Final salary: \$45,415.00
Total: \$11,980.69; deferred
Total/month: \$998.00; deferred

Federal Benefit Payment Computation

Birth date: 11/20/42
Hire date: 06/01/70
Freeze date: 03/08/86
Department service: 15/09/08
Other service:
Sick leave:
.025 service: 15.75
.03 service: 0
Average salary: \$30,427.14
Final salary: \$45,415.00
Total: \$11,980.69; deferred
Total/month: \$998.00; deferred
Total federal/month ÷ total/month: 1.0; deferred

EXAMPLE 9: SERVICE STRADDLES JUNE 30, 1997

In this example, an individual covered by the Police and Firefighters Plan hired before 1980 separated in December 1997 with title to a deferred annuity. In November 2007, he will reach age 55 and becomes eligible to receive a deferred annuity. At that time, the Federal Benefit Payment begins. It is based on the 18 years and 1 month of departmental service performed as of June 30, 1997, all at the 2.5 percent accrual rate. The total annuity begins at the same time, based on his 18 years, 6 months, and 8 days of departmental service, all at the 2.5 percent accrual rate.

EXAMPLE 9—POLICE DEFERRED

[Pre-80 hire]

Total Annuity Computation

Birth date: 11/20/52
Hire date: 06/01/79
Separation date: 12/08/97
Department service: 18/06/08
Other service:

EXAMPLE 9—POLICE DEFERRED—Continued

[Pre-80 hire]

Sick leave:
.025 service: 18.5
.03 service: 0
Average salary: \$30,427.14
Final salary: \$45,415.00
Total: \$14,072.55; deferred
Total/month: \$1,173.00; deferred

Federal Benefit Payment Computation

Birth date: 11/20/52
Hire date: 06/01/79
Freeze date: 06/30/97
Department service: 18/01/00
Other service:
Sick leave:
.025 service: 18.083333
.03 service: 0
Average salary: \$30,427.14
Final salary: \$45,415.00
Total: \$13,755.60; deferred
Total/month: \$1,146.00; deferred
Total federal/month ÷ total/month: 0.976982; deferred

REDUCTION TO PROVIDE A SURVIVOR ANNUITY EXAMPLES

EXAMPLE 10: SURVIVOR REDUCTION CALCULATIONS

Both of the following examples involve a former teacher who elected a reduced annuity to provide a survivor benefit:

A. In this example, the employee elects to provide full survivor benefits of 55% of the employee's unreduced annuity. The total annuity is reduced by 2½ percent of the first \$3600 and 10 percent of the balance. The reduced Federal Benefit Payment is determined by multiplying the reduced total annuity (rounded) by the ratio of the unreduced Federal Benefit Payment to the unreduced total annuity. Military service occurred prior to June 30, 1997 and purchase of other service was completed prior to June 30, 1997.

EXAMPLE 10A—TEACHERS OPTIONAL W/ SURVIVOR REDUCTION

[Pre-96 hire]

Total Annuity Computation

Birth date: 11/01/42
Hire date: 11/01/68
Separation date: 12/31/97
Department service: 29/02/00
Other service: 03/09/18

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**EXAMPLE 10A—TEACHERS OPTIONAL W/  
SURVIVOR REDUCTION—Continued**

[Pre-96 hire]

---

Military: 00/09/11  
.015 service: 5  
.0175 service: 5  
.02 service: 23.666667  
Average salary: \$66,785.00  
Total unreduced: \$42,464.13  
Total unreduced/month: \$3,539.00  
Reduction: \$3,976.41  
Total: \$38,487.72  
Total/month: \$3,207.00

---

**Federal Benefit Payment Computation**

---

Birth date: 11/01/42  
Hire date: 11/01/68  
Freeze date: 06/30/97  
Department service: 28/08/00  
Other service: 03/09/18  
Military: 00/09/11  
.015 service: 5  
.0175 service: 5  
.02 service: 23.166667  
Average salary: \$66,785.00  
Total federal unreduced: \$41,796.28  
Total federal unreduced/month: \$3,483.00  
Total federal unreduced/month ÷ total unreduced/month: 0.984176  
Total federal/month: \$3,156.00

---

B. In this example, the employee elects to provide a partial survivor annuity of 26% of the employee's unreduced annuity. The total annuity is reduced by 2½ percent of the first \$3,600 of \$20,073.95 and 10 percent of the balance. The reduced Federal Benefit Payment is determined by multiplying the reduced total annuity (rounded) by the ratio of the unreduced Federal Benefit Payment to the unreduced total annuity.

**EXAMPLE 10B—TEACHERS OPTIONAL W/  
SURVIVOR REDUCTION**

[Pre-96 hire]

**Total Annuity Computation**

---

Birth date: 11/01/42  
Hire date: 11/01/68  
Separation date: 12/31/97  
Department service: 29/02/00  
Other service: 03/09/18  
Military: 00/09/11  
.015 service: 5  
.0175 service: 5  
.02 service: 23.666667  
Average salary: \$66,785.00

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**EXAMPLE 10B—TEACHERS OPTIONAL W/  
SURVIVOR REDUCTION—Continued**

[Pre-96 hire]

---

Total unreduced: \$42,464.13  
Total unreduced/month: \$3,539.00  
Reduction: \$1,737.40  
Total reduced: \$40,726.73  
Total reduced/month: \$3,394.00

---

**Federal Benefit Payment Computation**

---

Birth date: 11/01/42  
Hire Date: 11/01/68  
Freeze date: 06/30/97  
Department service: 28/08/00  
Other service: 03/09/18  
Military: 00/09/11  
.015 service: 5  
.0175 service: 5  
.02 service: 23.166667  
Average salary: \$66,785.00  
Total federal unreduced: \$41,796.28  
Total federal unreduced/month: \$3,483.00  
Total federal unreduced/month ÷ total unreduced/month: 0.984176  
Total federal reduced/month: \$3,340.00

---

**EARLY OPTIONAL OR INVOLUNTARY  
RETIREMENT EXAMPLES**

**EXAMPLE 11: EARLY OPTIONAL WITH AGE  
REDUCTION**

In this example, an individual covered by the Teachers Plan hired before 1996 retires voluntarily in February 1998, under a special program that allows early retirement with at least 20 years of service at age 50 older, or at least 25 years of service at any age. At retirement, she is 6 full months short of age 55. She has 25 years and 5 months of departmental service; 6 years, 2 months, and 19 days of other service (creditable before June 30, 1997); and 2 months and 9 days of unused sick leave. Since she is not eligible for optional retirement and she is eligible to retire voluntarily only because of the District-approved special program, the Federal Benefit Payment is calculated similar to a disability retirement. It does not begin until she becomes eligible for a deferred annuity at age 62. When it commences the Federal Benefit Payment will be based on the service creditable as of June 30, 1997: 30 years and 11 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 20 years and 11 months of service at the 2 percent accrual rate. The total annuity is based on 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 21 years and 9 months of service at the 2 percent accrual rate (including

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the unused sick leave). Because the Federal Benefit Payment is based on the deferred annuity, rather than the early voluntary retirement, it is not reduced by the age reduction factor used to compute the total benefit.

**EXAMPLE 11—TEACHERS EARLY OUT W/AGE REDUCTION**

[Pre-96 hire]

---

**Total Annuity Computation**

---

Birth date: 09/20/43  
Hire date: 10/01/72  
Separation date: 02/28/98  
Department service: 25/05/00  
Other service: 06/02/19  
Sick leave: 00/02/09  
.015 service: 5  
.0175 service: 5  
.02 service: 21.75  
Average salary: \$69,281.14  
Total unreduced: \$41,395.48  
Age reduction factor: 0.990000  
Total reduced: \$40,981.53  
Total/month: \$3,415.00

---

**Federal Benefit Payment Computation**

---

Birth date: 09/20/43  
Hire date: 10/01/72  
Freeze date: 06/30/97  
Department service: 24/09/00  
Other service: 06/02/19  
.015 service: 5  
.0175 service: 5  
.02 service: 20.916667  
Average salary: \$69,281.14  
Total unreduced: \$40,240.80; deferred  
Reduction factor: 1.000000 no reduction  
Total reduced: \$40,240.80; deferred  
Total/month: \$3,353.00 deferred  
Total federal unreduced/month ÷ Total unreduced/month: 0.0 (at time of retirement)

---

**EXAMPLE 12: INVOLUNTARY WITH AGE REDUCTION**

In this example, an individual covered by the Teachers Plan hired before 1996 retires involuntarily in February 1998. At retirement, she is 6 full months short of age 55. She has 25 years and 5 months of departmental service; 6 years, 2 months, and 19 days of other service (creditable before June 30, 1997); and 2 months and 9 days of unused sick leave. The Federal Benefit Payment begins at retirement. It is based on the 30 years and 11 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and

20 years and 11 months of service at the 2 percent accrual rate. The total annuity is based on 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 21 years and 9 months of service at the 2 percent accrual rate (including the unused sick leave). Both the Federal Benefit Payment and the total benefit are reduced by the age reduction factor.

**EXAMPLE 12—TEACHERS INVOLUNTARY W/AGE REDUCTION**

[Pre-96 hire]

---

**Total Annuity Computation**

---

Birth date: 09/20/43  
Hire date: 10/01/72  
Separation date: 02/28/98  
Department service: 25/05/00  
Other service: 06/02/19  
Sick leave: 00/02/09  
.015 service: 5  
.0175 service: 5  
.02 service: 21.75  
Average salary: \$69,281.14  
Total unreduced: \$41,395.48  
Age reduction factor: 0.990000  
Total reduced: \$40,981.53  
Total/month: \$3,415.00

---

**Federal Benefit Payment Computation**

---

Birth date: 09/20/43  
Hire date: 10/01/72  
Freeze date: 06/30/97  
Department service: 24/09/00  
Other service: 06/02/19  
.015 service: 5  
.0175 service: 5  
.02 service: 20.916667  
Average salary: \$69,281.14  
Total unreduced: \$40,240.80  
Age reduction factor: 0.990000  
Total reduced: \$39,838.39  
Total/month: \$3,320.00  
Total federal/month ÷ total/month: 0.972182

---

**DEATH BENEFITS EXAMPLE**

**EXAMPLE 13: DEATH BENEFITS CALCULATION**

Examples A and B involve service-based death benefits calculations. Examples C-F involve non-service-based death benefits calculations. Examples G and H involve disability death benefit calculations.

A. In this example, an individual covered by the Teachers Plan retires in December 1997 and elects to provide a full survivor annuity. He dies in June 1998. The survivor's

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Federal Benefit Payment is 98.4 percent (\$3,483 ÷ \$3,539) of the total survivor benefit.

**EXAMPLE 13A—TEACHERS DEATH BENEFITS**

[Pre-96 hire]

---

**Total Annuity Computation**

---

Birth date: 11/01/42  
Hire date: 11/01/68  
Separation date: 12/31/97  
Death date: 06/24/98  
Department service: 29/02/00  
Other service: 03/09/18  
Military: 00/09/11  
Average salary: \$66,785.00  
Total unreduced/month (retiree): \$3,539.00  
Total/month (survivor): \$1,946.00

---

**Federal Benefit Payment Computation**

---

Birth date: 11/01/42  
Hire date: 11/01/68  
Freeze date: 06/30/97  
Death date: 06/24/98  
Department service: 28/08/00  
Other service: 03/09/18  
Military: 00/09/11  
Average salary: \$66,785.00  
Total federal unreduced/month (retiree): \$3,483.00  
Total federal unreduced/month (retiree) ÷ total unreduced/month (retiree): 0.984176  
Total federal/month (survivor): \$1,915.00

B. In this example, a teacher dies in service on June 30, 1998 after 31 years of departmental service. Since the survivor annuity is based on actual service, the Federal Benefit Payment is 96.5 percent (\$1,818 ÷ \$1,883) of the total survivor benefit.

**EXAMPLE 13B—TEACHERS DEATH BENEFITS**

[Pre-96 hire]

---

**Total Annuity Computation**

---

Birth date: 07/01/39  
Hire date: 07/01/67  
Separation date: 06/30/98  
Death date: 06/30/98  
Department service: 31/00/00  
Average salary: \$38,787.88  
Total (retiree): \$22,593.94  
Total/month (retiree): \$1,883.00  
Total/month (survivor): \$1,036.00

---

**Federal Benefit Payment Computation**

---

Birth date: 07/01/39

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**EXAMPLE 13B—TEACHERS DEATH BENEFITS—Continued**

[Pre-96 hire]

---

Hire date: 07/01/67  
Freeze date: 06/30/97  
Death date: 06/30/98  
Department service: 30/00/00  
Average salary: \$38,787.88  
Total federal (retiree): \$21,818.18  
Total federal/month (retiree): \$1,818.00  
Total federal/month (retiree) ÷ total/month (retiree): 0.965481  
Total federal/month (survivor): \$1,000.00

---

C. In this example, as in Example A, an individual covered by the Teachers Plan retires in December 1997 but elects to provide a survivor annuity of \$12,000. He dies in June 1998. Because the amount of the survivor annuity is not service-based, the Federal Benefit Payment is a prorated portion of the total benefit. Since the teacher had 398 months of service as of the freeze date and 404 months of service, at retirement, the Federal Benefit Payment equals 398/404ths of the total benefit.

**EXAMPLE 13C—TEACHERS DEATH BENEFITS**

[Pre-96 hire]

---

**Total Annuity Computation**

---

Birth date: 11/01/42  
Hire date: 11/01/68  
Separation date: 12/31/97  
Death date: 06/24/98  
Department service: 29/02/00  
Other service: 03/09/18  
Military: 00/09/11  
Months of service: 404  
Total: \$12,000.00  
Total/month: \$1,000.00

---

**Federal Benefit Payment Computation**

---

Birth date: 11/01/42  
Hire date: 11/01/68  
Freeze date: 06/30/97  
Death date: 06/24/98  
Department service: 28/08/00  
Other service: 03/09/18  
Military: 00/09/11  
Months of service: 398  
Federal service ÷ total service: 0.985149  
Total: \$11,820.00  
Total/month: \$985.00

---

D. In this example, a teacher dies in service on April 1, 1998 after 14 years and 6 months of departmental service. Because the

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survivor annuity is based on the guaranteed minimum, the Federal Benefit Payment is a prorated portion of the total benefit. Since the teacher had 165 months of service as of the freeze date and 180 months of service, including unused sick leave, at death, the Federal Benefit Payment equals 165/180ths of the total benefit.

**EXAMPLE 13E—TEACHERS DEATH BENEFITS**

[Pre-96 hire]

---

**Total Annuity Computation**

---

Birth date: 04/01/43  
Hire date: 04/01/83  
Separation date: 04/01/98  
Death date: 04/01/98  
Department service: 15/00/01  
Departmental Service projected to age 60:  
20/00/01  
.015 service: 5  
.0175 service: 5  
.02 service: 10  
Average salary: \$36,000.00  
Months of service: 180  
Total: \$7,177.50  
Total/month: \$598.00

---

**Federal Benefit Payment Computation**

---

Birth date: 04/01/43  
Hire date: 04/01/83  
Freeze date: 06/30/97  
Death date: 04/01/98  
Department service: 14/03/00  
Average salary: \$36,000.00  
Months of service: 171  
Federal service ÷ total service: 0.950000  
Total: \$6,818.63  
Total/month: \$568.00

---

F. In this example, a police officer dies in the line of duty on July 31, 2001 after 18 years of departmental service. The survivor annuity is equal to 100 percent of the officer's pay at the time of death, as provided by District legislation effective October 1, 2000. However, the Federal Benefit Payment is calculated based on plan provisions in effect on June 29, 1997, which provided for a survivor annuity equal to 40 percent of the officer's pay at the time of death. Because the Federal Benefit Payment is not service-based and the officer had 167 months of service as of the freeze date and 216 months of service, including unused sick leave, at death, the Federal Benefit Payment equals 167/216ths of the total benefit calculated according to plan provisions in effect on July 1, 1997. The difference between the total benefit paid and the Federal Benefit Payment calculated according to plan provisions in effect on June 29, 1997 is the responsibility of the District government.

**EXAMPLE 13D—TEACHERS DEATH BENEFITS**

[Pre-96 hire]

---

**Total Annuity Computation**

---

Birth date: 04/01/61  
  
Hire date: 10/01/83  
Separation date: 04/01/98  
Death date: 04/01/98  
Department service: 14/06/01  
Unused Sick Leave: 00/06/00  
Average salary: \$36,000.00  
Months of service: 180  
Total: \$7,920.00  
Total/month: \$660.00

---

**Federal Benefit Payment Computation**

---

Birth date: 04/01/61  
Hire date: 04/01/83  
Freeze date: 06/30/97  
Death date: 04/01/98  
Department Service: 13/09/00  
Average salary: \$36,000.00  
Months of service: 165  
Federal service ÷ total service: 0.916667  
Total: \$7,260.00  
Total/month: \$605.00

---

E. In this example, as in the prior example, a teacher dies in service on April 1, 1998 after 15 years of departmental service. However, in this example, the teacher was age 40 on the hire date. The amount of service used in the survivor annuity calculation equals the amount of service that the teacher would have had if the teacher continued covered employment until age 60. Because the survivor annuity is based on projected service, a form of the guaranteed minimum, the Federal Benefit Payment is a prorated portion of the total benefit. Since the teacher had 171 months of service as of the freeze date and 180 months of service at death, the Federal Benefit Payment equals 171/180ths of the total benefit.

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**EXAMPLE 13F—POLICE DEATH BENEFITS**  
[Pre-96 hire]

**EXAMPLE 13G—FIREFIGHTERS DISABILITY/EARLY VOLUNTARY DEATH BENEFITS—Continued**

---

**Total Annuity Computation**

---

Birth date: 07/13/62  
Hire date: 08/01/83  
Death date: 07/31/2001  
Department service: 18/00/00  
Average salary: \$54,000.00  
Final salary: \$56,000.00  
Months of service: 216  
Total: \$56,004.00  
Total/month: \$4,667.00  
Total based on July 1, 1997 provisions: \$21,600.00  
Total/month based on July 1, 1997 provisions: \$1,800.00

---

**Federal Benefit Payment Computation**

---

Birth date: 07/13/62  
Hire date: 08/01/83  
Freeze date: 06/30/97  
Death date: 07/31/2001  
Department service: 13/11/00  
Months of service: 167  
Federal service ÷ total service: 0.773148  
Total: \$16,704.00  
Total/month: \$1,392.00

---

G. In this example, a firefighter dies on July 1, 1999 at age 47 after retiring based on a disability in the line of duty in November 1997. At separation, the firefighter was not eligible for optional retirement but was eligible to receive a deferred retirement annuity at age 55. Therefore, the survivor's Federal Benefit Payment is calculated based on the plan rules for deferred retirees. Under the Police and Firefighters Plan, if a separated police officer or firefighter eligible for deferred retirement dies before reaching age 55, the survivor is eligible to receive an annuity. The survivor annuity is based on the firefighter's adjusted average pay. Therefore, the survivor's Federal Benefit Payment is a prorated portion of the survivor annuity. Since the firefighter had 217 months of service as of the freeze date and 222 months of service at retirement, the survivor's Federal Benefit Payment equals 217/222nds of the total survivor benefit.

**EXAMPLE 13G—FIREFIGHTERS DISABILITY/EARLY VOLUNTARY DEATH BENEFITS**

---

**Total Annuity Computation**

---

Birth date: 08/20/52  
Hire date: 05/14/79

---

Separation date: 11/28/97  
Death date: 07/01/99  
Department service: 18/06/15  
Adjusted average salary: \$45,987.00  
Months of service: 222  
Total: \$18,396.00  
Total/month: \$1,533.00

---

**Federal Benefit Payment Computation**

---

Birth date: 08/20/52  
Hire date: 05/14/79  
Freeze date: 06/30/97  
Death date: 07/01/99  
Department service: 18/01/17  
Adjusted average salary: \$45,987.00  
Months of service: 217  
Federal service ÷ total service: .977477  
Total: \$17,976.00  
Total/month: \$1,498.00

---

H. In this example, a teacher dies on August 3, 1999 at age 58 after retiring based on a disability in April 1998. At separation, the teacher was not eligible for optional retirement but was eligible to receive a deferred retirement annuity at age 62. Therefore, the survivor's Federal Benefit Payment is calculated based on the plan rules for deferred retirees. Under the Teachers Plan, if a separated teacher eligible for deferred retirement dies before reaching age 62, the survivor is not eligible to receive an annuity. Therefore, the survivor's Federal Benefit Payment is zero and the survivor annuity is the full responsibility of the District.

**EXAMPLE 13H—TEACHERS DISABILITY/EARLY VOLUNTARY DEATH BENEFITS**

---

**Total Annuity Computation**

---

Birth date: 08/01/41  
Hire date: 07/01/76  
Separation date: 04/30/98  
Death date: 08/03/99  
Total: \$21,888.00  
Total/month: \$1,824.00

---

**Federal Benefit Payment Computation**

---

Birth date: 08/01/41  
Hire date: 07/01/76  
Separation date: 04/30/98  
Death date: 08/03/99  
Total: \$0.00  
Total/month: \$0.00  
Total federal/month ÷ total/month: 0.0

---

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COST OF LIVING ADJUSTMENT (COLA)  
EXAMPLES

EXAMPLE 14: APPLICATION OF COST OF LIVING  
ADJUSTMENTS

In cases in which the District plan applies the same cost of living adjustment that is provided for the Federal Benefit Payment, the federal percentage is applied to the new total benefit after the adjustment to determine the new Federal Benefit Payment after the adjustment.

A. In this example, a teacher retiree receives a cost of living adjustment that is the same for the federal and District portions of the total benefit. The federal percentage for the retiree is applied to the new total benefit after the adjustment to determine the new Federal Benefit Payment after the adjustment.

EXAMPLE 14A—TEACHERS COLA—RETIREE W/  
SURVIVOR REDUCTION

[Pre-96 hire]

**Benefit Computation (at retirement)**

Total unreduced: \$42,464.13  
Total unreduced/month: \$3,539.00  
Total/month: \$3,207.00  
Federal unreduced: \$41,796.28  
Federal unreduced/month: \$3,483.00  
Federal percentage = federal unreduced/  
month ÷ total unreduced/month: 0.984176

**COLA Computation**

District and Federal COLA rate 5%:  
Total COLA: \$160.00  
New total/month: \$3,367.00  
New federal benefit/month = new total ben-  
efit/month × federal percentage =  
\$3,314.00

B. In this example, a survivor of a deceased teacher retiree receives a cost of living adjustment that is the same for the federal and District portions of the total benefit. Since the survivor benefit is service related, the federal percentage for the retiree is applied to the new total benefit of the survivor after the adjustment to determine the new Federal Benefit Payment after the adjustment.

EXAMPLE 14B—TEACHERS COLA—SURVIVOR  
OF RETIREE

[Pre-96 hire]

**Benefit Computation (at death of retiree  
whose annuity was based on service—  
percentage survivor election)**

Total/month: \$2,043.00  
Federal percentage (retiree): 0.984176  
Federal/month: \$2,011.00

**COLA Computation**

District and Federal COLA rate 4.5%:  
Total COLA: \$92.00  
New total/month: \$2,135.00  
New federal benefit/month = new total ben-  
efit/month × federal percentage =  
\$2,101.00

C. In this example, a survivor of a deceased teacher retiree receives a cost of living adjustment that is the same for the federal and District portions of the total benefit. Since the survivor annuity is non-service related, the federal percentage for the survivor is applied to the new total benefit of the survivor after the adjustment to determine the new Federal Benefit Payment after the adjustment.

EXAMPLE 14C—TEACHERS COLA—SURVIVOR  
OF RETIREE

[Pre-96 hire]

**Benefit Computation (at death of retiree—  
flat amount survivor election)**

Total months of service: 404  
Federal months of service: 398  
Total/month: \$1,000.00  
Federal percentage = federal service ÷ total  
service: 0.985149  
Federal/month: \$985.00

**COLA Computation**

District and Federal COLA rate 4.5%:  
Total COLA: \$45.00  
New total/month: \$1,045.00  
New federal benefit/month = new total ben-  
efit/month × federal percentage =  
\$1,029.00

**Note:** This method also applies to a percentage survivor election by a retiree whose annuity was based on a guaranteed minimum.

D. In this example, a survivor of a deceased teacher receives a cost of living adjustment that is the same for the federal and District

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portions of the total benefit. Since the survivor annuity is service related, the federal percentage based on the deceased teacher's service is applied to the new total benefit of the survivor after the adjustment to determine the new Federal Benefit Payment after the adjustment.

**EXAMPLE 14D—TEACHERS COLA—SURVIVOR OF EMPLOYEE**

[Pre-96 hire]

**Benefit Computation (at death—based on service)**

Total/month: \$1,036.00  
Federal/month: \$1,000.00  
Federal percentage = federal/month ÷ total/month: 0.965251

**COLA Computation**

District and Federal COLA rate: 5%  
Total COLA: \$52.00  
New total benefit/month: \$1,088.00  
New federal benefit/month = new total benefit/month × federal percentage = \$1,050.00

E. In this example, a survivor of a deceased teacher receives a cost of living adjustment that is the same for the federal and District portions of the total benefit. Since the survivor annuity is non-service related, the federal percentage for the survivor is applied to the new total benefit of the survivor after the adjustment to determine the new Federal Benefit Payment after the adjustment.

**EXAMPLE 14E—TEACHERS COLA—SURVIVOR OF EMPLOYEE**

[Pre-96 hire]

**Benefit Computation (at death—guaranteed minimum)**

Total months of service: 180  
Federal months of service: 171  
Total/month: \$598.00  
Federal percentage = federal service ÷ total service: 0.950000  
Federal/month: \$568.00

**COLA Computation**

District and Federal COLA rate 5%:  
Total COLA: \$30.00  
New total/month: \$628.00  
New federal benefit/month = new total benefit/month × federal percentage = \$597.00

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F. In this example, a survivor of a deceased retired police officer receives a cost of living adjustment that is the same for the federal and District portions of the total benefit. Since the survivor annuity is non-service related, the federal percentage for the survivor is applied to the new total benefit of the survivor after the adjustment to determine the new Federal Benefit Payment after the adjustment.

**EXAMPLE 14F—POLICE COLA—SURVIVOR OF RETIREE**

**Benefit Computation (at death of retiree)**

Total months of service: 240  
Federal months of service: 236  
Total/month: \$1,614.00  
Federal percentage = federal service ÷ total service: 0.983333  
Federal/month: \$1,587.00

**COLA Computation**

District and Federal COLA rate 5%:  
Total COLA: \$81.00  
New total/month: \$1,695.00  
New federal benefit/month = new total benefit/month × federal percentage = \$1,667.00

G. In this example, a survivor of a deceased firefighter receives a cost of living adjustment that is the same for the federal and District portions of the total benefit. Since the survivor annuity is non-service related, the federal percentage for the survivor is applied to the new total benefit of the survivor after the adjustment to determine the new Federal Benefit Payment after the adjustment.

**EXAMPLE 14G—FIREFIGHTER COLA—SURVIVOR OF EMPLOYEE**

**Benefit Computation (at death of employee in the line of duty)**

Total/month: \$4,667.00  
Federal/month: \$1,867.00  
Federal percentage = federal/month ÷ Total/month: 0.400043

**COLA Computation**

District and Federal COLA rate 4.5%:  
Total COLA: \$210.00  
New total benefit/month: \$4,877.00

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**EXAMPLE 14G—FIREFIGHTER COLA—SURVIVOR OF EMPLOYEE—Continued**

**EXAMPLE 14H—TEACHERS COLA—Continued**

[Pre-96 hire]

New federal benefit/month = New total benefit/month × federal percentage = \$1,951.00

**COLA Computation Variations Variation 1**

H. In this example, a new District plan provision applies a different cost of living adjustment than is provided for the Federal Benefit Payment. In Variation 1, the federal cost of living adjustment is applied to the Federal Benefit Payment and the District cost of living adjustment is applied to the total benefit. In Variation 2, the federal cost of living adjustment is applied to the Federal Benefit Payment and the District cost of living adjustment is applied to the District benefit payment. A new federal percentage equal to the ratio of the Federal Benefit Payment to the total benefit is established after the adjustments.

District COLA rate 5% applied to total benefit:

Total COLA: \$139.00  
New total benefit/month: \$2,924.00  
Federal COLA rate 4%  
Federal COLA: \$56.00  
New federal benefit/month: \$1,454.00  
New federal percentage: 0.497264

**Variation 2**

District COLA rate 5% applied to District benefit:

Old District benefit/month: \$1,387.00  
District COLA: \$69.00  
New District benefit/month: \$1,456.00  
Federal COLA rate 4%:  
Federal COLA: \$56.00  
New federal benefit/month: \$1,454.00  
New total benefit/month: \$2,910.00  
New federal percentage: 0.499656

**EXAMPLE 14H—TEACHERS COLA**

[Pre-96 hire]

**Benefit Computation (at retirement)**

**RETROACTIVE PAYMENT OF ACCRUED ANNUITY EXAMPLE**

**EXAMPLE 15: ACCRUAL OF FEDERAL BENEFIT PAYMENT**

**Total Annuity Computation**

Birth date: 11/04/48  
Hire date: 03/01/86  
Separation date: 02/28/2013  
Department service: 27/00/00  
Other service paid in 1995: 06/07/28  
Excess LWOP in 1990: 00/03/18  
.015 service: 5  
.0175 service: 5  
.02 service: 23.333333  
Average salary: \$53,121.00  
Total: \$33,421.96  
Total/month: \$2,785.00

The Federal Benefit Payment begins to accrue on the annuity commencing date, regardless of whether the employee is added to the annuity roll in time for the regular payment cycle. If the employee is due a retroactive payment of accrued annuity, the portion of the retroactive payment that would have been a Federal Benefit Payment (if it were made in the regular payment cycle) is still a Federal Benefit Payment. In this example, a teacher retired effective September 11, 1998. She was added to the retirement rolls on the pay date November 1, 1998 (October 1 to October 31 accrual cycle). Her Federal Benefit Payment is \$3000 per month and her total benefit payment is \$3120 per month. Her initial check is \$5200 because it includes a prorated payment for 20 days (September 11 to September 30). The Federal Benefit Payment is \$5000 of the initial check (\$3000 for the October cycle and \$2000 for the September cycle).

**Benefit Computation (at retirement)**

**Federal Benefit Payment Computation**

Birth date: 11/04/48  
Hire date: 03/01/86  
Freeze date: 06/30/1997  
Department service: 11/04/00  
Other service paid in 1995: 06/07/28  
Excess LWOP in 1990: 00/03/18  
.015 service: 5  
.0175 service: 5  
.02 service: 7.666667  
Average salary: \$53,121.00  
Total: \$16,777.38  
Total/month: \$1,398.00  
Federal percentage: 0.501975

**EXAMPLE 15—TEACHERS ACCRUED BENEFIT**

[Pre-96 hire]

**Total Annuity Computation**

Birth date: 11/01/42  
Hire date: 09/01/66

**§ 29.401**

**EXAMPLE 15—TEACHERS ACCRUED BENEFIT—  
Continued**

[Pre-96 hire]

Separation date: 09/10/98  
Department service: 32/00/10  
.015 service: 5  
.0175 service: 5  
.02 service: 22  
Average salary: \$62,150.00  
Total: \$37,445.38  
Total/month: \$3,120.00  
Sept 11–30: \$2,080.00  
Oct 1–31: \$3,120.00  
Nov 1–30: \$3,120.00

**Federal Benefit Payment Computation**

Birth date: 11/01/42  
Hire date: 09/01/66  
Freeze date: 06/30/97  
Department service: 30/10/00  
.15 service: 5  
.0175 service: 5  
.02 service: 20.833333  
Average salary: \$62,150.00  
Total: \$35,995.21  
Total/month: \$3,000.00  
Sept 11–30: \$2,000.00  
Oct 1–31: \$3,000.00  
Nov 1–30: \$3,000.00

**Subpart D—Claims and Appeals  
Procedures**

SOURCE: 65 FR 80753, Dec. 22, 2000, unless otherwise noted.

**§ 29.401 Purpose.**

(a) This subpart explains—

(1) The procedures that participants and beneficiaries in the Judges Plan, Police and Firefighters Plan, and the Teachers Plan must follow in applying for Federal Benefit Payments;

(2) The procedures for determining an individual's eligibility for a Federal Benefit Payment and the amount and form of an individual's Federal Benefit Payment as required by sections 11021 and 11251(a) (codified at DC Official Code section 11–1570(c)(2)(a)) of the Act;

(3) The appeal rights available under section 11022(a) of the Act and section 3 of the 2004 Act (codified at DC Official Code section 11–1570(c)(3)) to claimants whose claim for Federal Benefit Payments is denied in whole or in part; and

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(4) The special rules for processing competing claimant cases.

(b) This subpart does not apply to processing collection of debts due to the United States.

(c) This part does not apply to claims and appeals filed before October 1, 1997. Such claims must be pursued with the District of Columbia.

[65 FR 80753, Dec. 22, 2000, as amended at 70 FR 60005, Oct. 14, 2005]

**§ 29.402 Definitions.**

In this subpart—

*Beneficiary* means an individual designated by a participant, or by the terms of the Judges Plan, Police and Firefighters Plan, or Teachers Plan, who is or may become entitled to a benefit under those plans.

*Claimant* means any person seeking a benefit for themselves or another under the Judges Plan, Police and Firefighters Plan, or Teachers Plan.

*Department* means the Secretary of the Treasury or a designee authorized to exercise the Secretary's authority with respect to Federal Benefit Payments under the Act.

*Participant* means an individual who is or may become eligible to receive a benefit under the Police and Firefighters Plan or the Teachers Plan based on credit for service accrued as of June 30, 1997, or under the Judges Plan, or whose beneficiaries may be eligible to receive any such benefit.

[65 FR 80753, Dec. 22, 2000, as amended at 70 FR 60005, Oct. 14, 2005]

**§ 29.403 Applications filed with the Benefits Administrator.**

All claimants for Federal Benefit Payments must file applications for benefits (including applications for retirement, refunds of contributions, and death benefits) with the Benefits Administrator.

**§ 29.404 Initial benefit determinations and reconsideration by the Benefits Administrator.**

(a) *Initial benefit determinations.* The Benefits Administrator will process applications for Federal Benefit Payments and determine the eligibility for and the amount and form of Federal Benefit Payments. All initial benefit determination decisions which may

reasonably be construed as a denial (in whole or part) of a claim for Federal Benefit Payments must be in writing, must advise claimants of their right to request reconsideration under paragraph (b), of this section and must state the time limits applicable to such a request.

(b) *Claimant's right to reconsideration of benefit denials.* (1) Except as provided in paragraph (b)(2) of this section, claimants who disagree with the amount or form of a Federal Benefit Payment determination and wish to contest the determination must first request the Benefits Administrator to reconsider its determination.

(2) A decision to collect a debt is not a denial of a benefit claim under this section.

(c) *Form and timing of requests for reconsideration.* (1) A request for reconsideration must be in writing, must include the claimant's name, address, date of birth and claim number, if applicable, and must state the basis for the request.

(2) A request for reconsideration must be received by the Benefits Administrator within 30 calendar days from the date of the written notice of the initial benefit determination.

(d) *Reconsideration decisions.* A reconsideration decision by the Benefits Administrator denying (in whole or part) a claim for a Federal Benefit Payment must—

(1) Be in writing;

(2) Provide adequate notice of such denial, setting forth the specific reason for the denial in a manner calculated to be understood by the average participant; and

(3) Provide notice of the right to appeal the Benefit Administrator's decision to the Department, the address to which such an appeal must be submitted, and the time limits applicable to such an appeal.

(e) *Appeal of reconsideration decisions.* The Department will review an appeal of a reconsideration decision under § 29.405.

#### § 29.405 Appeals to the Department.

(a) *Who may file.* Any claimant whose claim for a Federal Benefit Payment has been denied (in whole or part) by the Benefits Administrator in a recon-

sideration decision under § 29.404(d) may appeal that decision to the Department.

(b) *Form of appeal.* An appeal must be in writing, must include the claimant's name, address, date of birth and claim number, if applicable, and must state the basis for the appeal.

(c) *Time limits on Appeals.* (1) An appeal must be received by the Department within 30 calendar days from the date of the reconsideration decision under § 29.404(d).

(2) The Department may extend the time limit for filing when the claimant shows that he or she was not notified of the time limit and was not otherwise aware of it, or that he or she was prevented by circumstances beyond his or her control from making the request within the time limit, or for other good and sufficient reason.

(d) *Final decision.* After consideration of the appeal, the Department will issue a final decision. The Department's decision must be in writing, must fully set forth the Department's findings and conclusions on the appeal, and must contain notice of the right to judicial review provided in § 29.406. Copies of the final decision must be sent to the claimant seeking appeal, to any competing claimants (see § 29.407) and to the Benefits Administrator.

#### § 29.406 Judicial review.

An individual whose claim for a Federal Benefit Payment has been denied (in whole or part) in a final decision by the Department under § 29.405 may, within 180 days of the date of the final decision, file a civil action in the United States District Court for the District of Columbia. Any such civil action must be filed in accordance with the rules of that court.

#### § 29.407 Competing claimants.

(a) *Competing claimants* are applicants for survivor benefits based on the service of a participant when—

(1) A benefit is payable based on the service of the participant;

(2) Two or more claimants have applied for benefits based on the service of the participant; and

(3) A decision in favor of one claimant will adversely affect another claimant(s).

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(b)(1) When a competing claimant files a request for reconsideration under this section, the other competing claimants shall be notified of the request and given an opportunity to submit written substantiation of their claim.

(2) When the Benefits Administrator receives an application from a competing claimant(s) before any payments are made based upon the service of the participant, and an initial determination of benefits in favor of one claimant adversely affects another claimant, all known claimants concerned will be notified in writing of that decision and those adversely affected will be given an opportunity to request reconsideration under the procedures and time limitations set forth in § 29.404(c). The Benefits Administrator must not execute its decision until the time limit for filing a request for reconsideration has expired, or, if a reconsideration decision is made, until the time limit for filing an appeal to the Department has expired or the Department has issued a final decision on a timely appeal, whichever is later.

(3) When the Benefits Administrator does not receive an application from a competing claimant(s) until after another person has begun to receive payments based upon the service of the participant, the payments will continue until the time limit for filing a request for reconsideration has expired, or, if a reconsideration decision is made, until the time limit for filing an appeal to the Department has expired or the Department has issued a final decision on a timely appeal, whichever is later.

### Subpart E—Debt Collection and Waivers of Collection

SOURCE: 66 FR 36705, July 13, 2001, unless otherwise noted.

#### § 29.501 Purpose; incorporation by reference; scope.

(a) This subpart regulates—

(1) The recovery of overpayments of Federal Benefit Payments;

(2) The standards for waiver of recovery of overpayments of Federal Benefit Payments; and

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(3) The use of Federal Benefit Payments to recover certain other debts due the United States.

(b) The regulations of this subpart incorporate by this reference all provisions of the Federal Claims Collection Standards (FCCS) (parts 900–904 of Title 31, Code of Federal Regulations), and supplement those regulations by the prescription of procedures and directives necessary and appropriate for the operation and administration of the Retirement Funds. To the extent they are not inconsistent with the regulations contained in this subpart, the regulations in part 5 of title 31, Code of Federal Regulations, also apply to the collection of debts under this subpart.

(c)(1) *Debts based on fraud, misrepresentation, or the presentation of a false claim.* This subpart does not apply to any overpayments of Federal Benefit Payments which arose, in whole or in part, due to fraud, misrepresentation, or the presentation of a false claim by the debtor or any party having an interest in the claim. Such debts should be referred by the Benefits Administrator immediately to the U.S. Justice Department for action pursuant to 31 CFR 900.3.

(2) *Tax debts.* This subpart does not apply to tax debts.

(d)(1) Sections 29.501 through 29.506 state the rules of general applicability to this subpart.

(2) Sections 29.511 through 29.520 prescribe procedures to be followed by the Benefits Administrator which are consistent with the FCCS in the collection of debts owed to the Retirement Funds.

(3) Sections 29.521 through 29.526 prescribe the standards that the Department will apply in decisions to waive recoupment or recovery of overpayments from the Retirement Funds under sections 11021(3) and 11251(c)(2)(B) of the Act.

(e) This part does not apply to debt collection claims asserted and requests for waivers of collection initiated before October 1, 1997. Such debt collection claims must be pursued by the District of Columbia and such requests for waivers of collection must be pursued with the District of Columbia.

[66 FR 36705, July 13, 2001, as amended at 70 FR 60005, Oct. 14, 2005]

**§ 29.502 Definitions.**

For purposes of this subpart—

*Additional charges* means interest, penalties, and/or administrative costs owed on a debt.

*Administrative offset*, as defined in 31 U.S.C. 3701(a)(1), means withholding funds payable by the United States to, or held by the United States for, a person to satisfy a debt the person owes the United States.

*Agency* means:

(1) An Executive agency as defined in section 105 of title 5, United States Code, including the U.S. Postal Service and the U.S. Postal Rate Commission;

(2) A military department, as defined in section 102 of title 5, United States Code;

(3) An agency or court in the judicial branch, including a court as defined in section 610 of title 28, United States Code, the District Court for the Northern Mariana Islands, and the Judicial Panel on Multidistrict Litigation;

(4) An agency of the legislative branch, including the U.S. Senate and the U.S. House of Representatives; and

(5) Other independent establishments that are entities of the Federal Government.

*Annuitant* means a retired participant, former spouse, spouse, widow(er), child or other beneficiary receiving recurring Federal Benefit Payments.

*Annuity* means the monthly benefit (including a retirement salary under the Judges Plan) of indefinite duration payable to an annuitant.

*Anticipated expenses* means expenditures which are expected to occur and for which the debtor can provide documentation of the estimated cost.

*Beneficiary* means an individual designated by a participant, or by the terms of the Judges Plan, Police Officers and Firefighters Plan, or Teachers Plan, who is or may become entitled to a benefit under those plans.

*Change of position for the worse* means an individual would be left in a worse financial position after recovery of the overpayment than prior to the receipt of the overpayment because the individual reasonably relied on the amount of the overpayment to his or her detriment. For example, an individual has “changed position for the worse” if he or she made expenditures or assumed

new liabilities that he or she would not have otherwise done, and he or she is unable to withdraw from the commitment without incurring significant financial loss.

*Compromise* means accepting less than payment in full in satisfaction of a debt.

*Consent* means the debtor has agreed in writing to administrative offset of one or more Federal Benefit Payments after receiving notice of the available rights under 31 U.S.C. 3716 and this subpart; to Federal salary offset after receiving notice of the available rights under 5 U.S.C. 5514 and 31 CFR part 5; and to judgment offset under section 124 of Public Law 97-276, 96 Stat. 1195-1196.

*Credit bureau* has the same meaning as the definition of “consumer reporting agency” provided in 31 U.S.C. 3701(a)(3).

*Creditor agency* means the agency to which a debt is owed.

*Debt* has the same meaning as the definition of “debt” provided in 31 U.S.C. 3701(b)(1), and includes an overpayment of Federal Benefit Payments.

*Debtor* means a person who owes a debt or from whom a debt is to be recovered, including an annuitant.

*Delinquent* means delinquent as defined in 31 CFR 900.2(b).

*Department* means the Secretary of the Treasury or a designee authorized to exercise the Secretary’s authority with respect to Federal Benefit Payments under the Act.

*FCCS* means the Federal Claims Collection Standards (parts 900-904 of Title 31, Code of Federal Regulations).

*Liquid asset* means cash or other property readily convertible into cash with little or no loss of value.

*Lump-sum credit* means:

(1) Under the Judges Plan, the Police Officers and Firefighters Plan, and the Teachers Plan, the unrefunded amount consisting of—

(i) Retirement contributions from the basic salary of a participant;

(ii) Amounts deposited covering earlier creditable service; and

(iii) Such interest as authorized by statute to be included in the payment of refunds of retirement contributions; and

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(2) Under the Judges Plan, “lump-sum credit for survivor annuity” is defined in section 11-1561(10) of the D.C. Code.

*Offset* means to withhold the amount of a debt, or a portion of that amount, from one or more payments due the debtor. Offset also means the amount withheld in this manner.

*Ordinary and necessary living expenses* means such expenses as rent, mortgage payments, utilities, maintenance, food (including expenses for dining out), clothing, insurance (life, health, and accident), taxes, installment payments, medical expenses, reasonable expenses for recreation and vacations, expenses for support of a dependent when the debtor holds primary or joint legal responsibility for such support, and other miscellaneous expenses that the debtor can establish as being ordinary and necessary.

*Overpayment* or *overpayment debt* means a payment of one or more Federal Benefit Payments to an individual in the absence of entitlement or in excess of the amount to which an individual is properly entitled.

*Participant* means an individual who is or may become eligible to receive a benefit under the Police Officers and Firefighters Plan or Teachers Plan based on credit for service accrued as of June 30, 1997, or under the Judges Plan, or whose beneficiaries may be eligible to receive any such benefit.

*Refund* means the payment of a lump-sum credit to an individual who meets all requirements for payment and files an application for it.

*Relinquish a valuable right* means the individual has relinquished a valuable privilege, claim, entitlement, or benefit having monetary worth because of the overpayment or because of notice that such a payment would be made.

*Repayment schedule* means the amount of each payment and the number of payments to be made to liquidate the debt as determined by the Department or the Benefits Administrator.

*Salary offset* means any offset authorized by 5 U.S.C. 5514 and 31 U.S.C. 3716.

*Substantially all*, as used in § 29.524, means that a debtor's income is less than or equal to his or her ordinary and necessary expenses plus a reason-

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able monthly allowance for unexpected or emergency expenses and does not allow for the deduction of a reasonable monthly installment payment to recover the debt.

*Voluntary repayment agreement* means an agreement wherein the debtor makes installment payments to repay an overpayment debt in accordance with a repayment schedule agreed to by the Benefits Administrator or the Department.

*Waiver* means a decision not to recover all or part of an overpayment debt owed to the Retirement Funds under authority of sections 11021(3) or 11251(c)(2)(B) of the Act.

### § 29.503 Prohibition against collection of debts.

(a) Debts may be collected from Federal Benefit Payments only to the extent expressly authorized by Federal debt collection statutes and any other applicable Federal law.

(b) When collection of a debt from Federal Benefit Payments is authorized under paragraph (a) of this section, the collection will be made in accordance with this subpart and other applicable federal law.

### § 29.504 Status of debts.

A payment of a Federal Benefit Payment to a debtor because of an error on the part of the Department or Benefits Administrator, or the failure of the creditor agency to properly and/or timely submit a debt claim, does not erase the debt or affect the validity of the claim by the creditor agency.

### § 29.505 Compromise of debts; termination and suspension of collection actions.

The procedures for compromise of a claim for an overpayment or the termination or suspension of a collection action seeking to recover an overpayment, other than waiver of an overpayment under §§ 29.521 through 29.526, are controlled exclusively by the FCCS and 31 CFR part 5.

### § 29.506 Recovery of other debts owed to the United States.

(a) *Procedures for Creditor Agencies.* Agencies seeking to recover a debt by offset of Federal Benefit Payments

payable to the debtor must comply with the offset procedures set forth in 31 U.S.C. 3716 and the FCCS. A creditor agency may seek to collect a debt through offset of Federal Benefit Payments pursuant to the Department's procedures for administrative offset set forth in 31 CFR part 5.

(b) *Offset by the Benefits Administrator.* As required by 31 U.S.C. 3716(c), the Benefits Administrator must compare payment records of the Retirement Funds with records of debts submitted to the Financial Management Service for collection by administrative offset, and must offset payments to satisfy, in whole or in part, debts owed by any annuitant.

#### COLLECTION OF OVERPAYMENTS

##### § 29.511 Demand letters.

Except as provided in § 29.516(e), before starting collection action to recover an overpayment, the Benefits Administrator must send a demand letter that informs the debtor in writing—

(a) That an overpayment has occurred, the amount of the overpayment, and the facts giving rise to the overpayment;

(b) The date by which payment of the debt should be made to avoid additional charges (*i.e.*, interest, penalties and administrative costs) permitted by the FCCS and enforced collection;

(c) The requirement that any overpayment debt delinquent for more than 180 days be transferred to the Department of the Treasury's Financial Management Service for collection;

(d) The name, address, and phone number of the appropriate person or office the debtor may contact about the debt;

(e) The remedies which may be used to enforce payment of the debt, including assessment of interest, administrative costs and penalties; administrative wage garnishment; the use of collection agencies; Federal salary offset; tax refund offset; administrative offset; and litigation.

(f) Whether offset is available and, if so, the types of payment(s) to be offset or eligible for offset, the repayment schedule (if any), the right to request an adjustment in the repayment schedule, and the right to request a vol-

untary repayment agreement in lieu of offset;

(g) An explanation of the Department's policy on interest, penalties, and administrative costs as set forth in 31 CFR part 5, the FCCS, and 31 U.S.C. 3717, including a statement that such assessments must be made unless excused in accordance with the FCCS;

(h) The debtor's opportunity to request repayment in installments if the debtor can show an inability to repay the debt in one lump sum;

(i) The debtor's opportunity to inspect and/or receive a copy of the records relating to the overpayment;

(j) The method and time period (60 calendar days) for requesting reconsideration, waiver, and/or compromise of the overpayment;

(k) That all requests for waiver or compromise must be accompanied by a disclosure of the debtor's financial condition and ability to pay the debt;

(l) The standards used by the Department in deciding requests for waiver (set forth in §§ 29.521 through 29.526) and compromise (set forth in 31 CFR 902.2); and

(m) The fact that a timely filing of a request for reconsideration, waiver and/or compromise, or a subsequent timely appeal of a reconsideration decision, will stop collection proceedings, unless—

(1) Failure to take the offset would substantially prejudice the Federal Government's ability to collect the debt; and

(2) The time before the payment is to be made does not reasonably permit the completion of these procedures.

##### § 29.512 Reconsideration by the Benefits Administrator.

(a) *Right to reconsideration of overpayment determinations.* Individuals who receive a demand letter and who wish to contest the existence or amount of the overpayment may ask the Benefits Administrator to reconsider the determination.

(b) *Requests for waiver or compromise.* Individuals who wish to seek waiver or compromise of the overpayment may file such requests with the Department under § 29.514. An individual may file a request for reconsideration in addition to a request for waiver or compromise.

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(c) *Form and timing of requests for reconsideration.* (1) A request for reconsideration must be in writing and must state the basis for the request. Individuals requesting reconsideration will be given a full opportunity to present any pertinent information and documentation supporting their position and should, to the extent possible, include such information and documentation in their request.

(2) A request for reconsideration must be received by the Benefits Administrator within 60 calendar days of the date of the demand letter. The Department may extend the time limit for filing when the individual shows that he or she was not notified of the time limit and was not otherwise aware of it, or that he or she was prevented by circumstances beyond his or her control from making the request within the time limit, or for other good and sufficient reason.

(3) When a request for reconsideration covered by this subpart is properly filed before the death of the debtor, it will be processed to completion unless the relief sought is nullified by the debtor's death.

(d) *Reconsideration decisions.* (1) The Benefits Administrator's decision on a request for reconsideration will be based upon the individual's written submissions, evidence of record, and other pertinent available information.

(2) A reconsideration decision by the Benefits Administrator must—

(i) Be in writing;

(ii) Provide notice of the extent of the individual's liability for the overpayment, if any;

(iii) If the individual is determined to be liable for all or a portion of the overpayment, reaffirm or modify the conditions for the collection of the overpayment previously proposed in the demand letter;

(iv) Provide notice of the right to appeal the Benefits Administrator's decision to the Department, the address to which such an appeal must be submitted, and the time limits applicable to such an appeal; and

(v) State that a timely appeal of the Benefits Administrator's decision to the Department will suspend action to collect the debt.

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(e) *Appeal of reconsideration decisions.* The Department will review an appeal of a reconsideration decision under §29.513.

#### §29.513 Appeals to the Department.

(a) *Form of appeal.* An appeal of a reconsideration decision under §29.512 must be in writing and must state the basis for the appeal.

(b) *Time limits on appeals.* (1) An appeal must be received by the Department within 60 calendar days from the date of the reconsideration decision.

(2) The Department may extend the time limit for filing when the individual shows that he or she was not notified of the time limit and was not otherwise aware of it, or that he or she was prevented by circumstances beyond his or her control from making the request within the time limit, or for other good and sufficient reason.

(c) *Final decision.* After consideration of the appeal, the Department will issue a final decision. The Department's decision will be in writing, will fully set forth the Department's findings and conclusions on the appeal, and will contain notice of the right to judicial review provided in §29.515. If the Department determines that the individual is liable for all or a portion of the overpayment, the decision also will contain the conditions for the collection of the overpayment. Copies of the final decision will be sent to the individual seeking appeal and to the Benefits Administrator.

#### §29.514 Requests for waiver and/or compromise.

(a) *Right to request waiver and/or compromise.* Individuals who receive a demand letter regarding an overpayment may ask the Department to waive and/or compromise, in whole or part, the amount of the overpayment.

(b) *Requests for reconsideration.* Individuals who have filed a request for reconsideration under §29.512 may also request a waiver and/or compromise under this section.

(c) *Form and timing of requests for waiver and/or compromise.* (1) A request for waiver and/or compromise must be in writing and must state the basis for the request. Individuals making such

requests will be given a full opportunity to present any pertinent information and documentation supporting their position and should, to the extent possible, include such information and documentation in their request. Individuals seeking waiver or compromise of an overpayment must also submit required financial information identified in the demand letter.

(2) A request for waiver or compromise must be filed with the Department. If the request is sent by mail, it must be postmarked within 60 calendar days of the date of the demand letter. If the request is hand delivered or delivered electronically, it must be received within 60 calendar days of the date of the demand letter. The Department may extend the time limit for filing when the individual shows that he or she was not notified of the time limit and was not otherwise aware of it, or that he or she was prevented by circumstances beyond his or her control from making the request within the time limit, or for other good and sufficient reason.

(3) When a request for waiver and/or compromise under this section is properly filed before the death of the debtor, it will be processed to completion unless the relief sought is nullified by the debtor's death.

(d) *Waiver and/or compromise decisions.*

(1) The Department's decision on a request for waiver and/or compromise will be based upon the individual's written submissions, evidence of record, and other pertinent available information. An individual's request for waiver will be evaluated by the standards set forth in §§ 29.521 through 29.526. An individual's request for compromise will be evaluated by the standards set forth in the FCCS in 31 CFR part 902.

(2) A waiver or compromise decision by the Department will—

(i) Be in writing;

(ii) Provide notice of whether the overpayment will be waived or compromised, and the extent to which the individual is still liable for the overpayment, if at all;

(iii) If the individual is determined to be liable for all or a portion of the overpayment, reaffirm or modify the conditions for the collection of the

overpayment previously proposed in the demand letter; and

(iv) Be issued within 120 calendar days from the Department's receipt of a timely request for waiver and/or compromise. This time limit does not apply to requests for compromise that are referred to the Department of Justice for consideration pursuant to 31 CFR 902.1(b).

#### § 29.515 Judicial review.

An individual whose request for reconsideration has been denied (in whole or part) in a final decision by the Department under § 29.513 may, within 180 days of the date of the final decision, file a civil action in the United States District Court for the District of Columbia. Any such civil action must be filed in accordance with the rules of that court.

#### § 29.516 Collection of overpayments.

(a) *Means of collection.* Collection of an overpayment may be made by means of offset under § 29.517, or under any statutory provision providing for offset of money due the debtor from the Federal Government including, but not limited to, Federal Benefit Payments. Collection may also be effected by referral to the Justice Department for litigation, as provided in § 29.520, or referral to a collection agency as provided in § 29.519, or by other means authorized by federal law.

(b) *Additional charges.* Interest, penalties, and administrative costs will be assessed on the overpayment in accordance with standards established in 31 U.S.C. 3717 and 31 CFR 901.9. Additional charges will be waived when required by the FCCS. The Department will waive the collection of interest on the overpayment pending the Benefits Administrator's consideration of a request for reconsideration and the Department's consideration of a request for waiver and/or compromise or the appeal of a reconsideration decision. In addition, such charges may be waived when the Department determines—

(1) Collection of those charges would be against equity and good conscience under the standards prescribed in §§ 29.523 through 29.525; or

## § 29.517

(2) Waiver of those charges would be in the best interest of the United States.

(c) *Collection in installments.* (1) Whenever feasible, overpayments will be collected in one lump sum.

(2) However, installment payments may be effected when—

(i) The debtor establishes that he or she is financially unable to pay in one lump sum; or

(ii)(A) The benefit payable is insufficient to make collection in one lump sum;

(B) The debtor fails to respond to a demand for full payment; and

(C) Offset is available.

(d) *Offset Amount.* (1) The amount offset from a monthly Federal Benefit Payment will be the lesser of:

(i) The amount of the debt, including any interest, penalties and administrative costs;

(ii) An amount equal to 15 percent of the monthly Federal Benefit Payment; or

(iii) The amount, if any, by which the monthly Federal Benefit Payment exceeds \$750.

(2) For purposes of this subsection, the “monthly Federal Benefit Payment” is the amount of the gross monthly benefit after any reductions or deductions required under law, including reductions made to recover overpayments of Federal Benefit Payments.

(e) *Commencement of collection.* (1) Except as provided in paragraph (e)(2) of this section, collection will begin after the time limits for requesting further rights stated in §§ 29.512 through 29.514 expire and no such requests have been made, or after the Benefits Administrator and/or the Department have issued decisions on all timely requests for or appeals of those rights, unless failure to make an offset would substantially prejudice the Department’s ability to collect the overpayment and the time before the payment is to be made does not reasonably permit the completion of the proceedings in §§ 29.511 through 29.514 or litigation. When offset begins without completion of the administrative review process, these procedures will be completed promptly, and amounts recovered by

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offset but later found not owed will be refunded promptly.

(2) The procedures identified in §§ 29.511 through 29.514 will not be applied when the overpayment is caused by—

(i) A retroactive adjustment in the periodic rate of annuity or any deduction taken from annuity when the adjustment is a result of the annuitant’s election of different entitlements under law, if the adjustment is made within 120 days of the effective date of the election; or

(ii) interim estimated payments made before the formal determination of entitlement to annuity, if the amount is recouped from the total annuity payable on the first day of the month following the later of—

(A) The last interim payment or

(B) The date the formal determination is made.

(f) *Collection of delinquent debts—(1) Debts delinquent over 180 days.* The Benefits Administrator must refer all overpayment debts that are over 180 days delinquent to the Secretary for collection pursuant to 31 U.S.C. 3711(g) and 3716, and 31 CFR part 901.

(2) *Debts delinquent less than 180 days.* Once an overpayment debt becomes delinquent, the Benefits Administrator should refer it to the Secretary for collection by centralized administrative offset pursuant to 31 CFR 901.3, unless collection of the debt by some other means is likely to occur in a more timely and efficient manner.

(3) Once a debt is referred under this subsection, the Benefits Administrator has no further obligation to collect the debt.

### § 29.517 Collection by offset.

(a) *Offset from retirement payments.* An overpayment may be collected in whole or in part from any refund payment or recurring Federal Benefit Payments.

(b) *Offset from other payments—(1) Administrative offset.* When offset under subsection (a) is not available, an overpayment may be offset from other Federal payments due the debtor from other agencies under the procedures set forth in 31 CFR part 5 and 31 CFR 901.3(c).

(2) *Salary offset.* When the debtor is an employee of the Federal Government, the Department may effect collection of an overpayment by offset of the debtor's pay in accordance with regulations published to implement such offsets under 5 U.S.C. 5514 (see 5 CFR part 550, subpart K; 31 CFR 285.7; and 31 CFR part 5). Due process described in the federal salary offset regulations of 31 CFR part 5 will apply. When the debtor did not receive a hearing under those regulations and requests such a hearing, one will be conducted in accordance with 5 CFR part 550, subpart K and 31 CFR part 5.

(3) *Tax refund offset.* The Department may effect collection of an overpayment by offset of the debtor's tax refund in accordance with the Department's tax refund offset regulations found at 31 CFR part 5.

**§ 29.518 Reporting delinquent debts to credit bureaus.**

(a) *Notice.* If a debtor's response to the demand letter does not result in payment in full, payment by offset, or payment in accordance with a voluntary repayment agreement or other repayment schedule acceptable to the Benefits Administrator, and the debtor's rights under §§ 29.512 through 29.514 have been exhausted, the Benefits Administrator must report the debtor to a credit bureau. In addition, a debtor's failure to make subsequent payments in accordance with a repayment schedule must result in a report to a credit bureau. Before making a report to a credit bureau, the Benefits Administrator must notify the debtor in writing that—

- (1) The payment is overdue;
- (2) The Benefits Administrator intends, after 60 days, to make a report as described in paragraph (b) of this section to a credit bureau;
- (3) The debtor's right to dispute the liability has been exhausted under §§ 29.512 through 29.514; and
- (4) The debtor may avoid having the Benefits Administrator report the debtor to a credit bureau by paying the debt in one lump sum or making payments current under a repayment schedule.

(b) *Report.* If, after being sent the notice described in paragraph (a) of this

section, the debtor does not pay the overpayment debt or make payments current under a repayment schedule or fails to respond to the notice, and 60 days have elapsed since the notice was mailed, the Benefits Administrator will report to a credit bureau that the debtor is responsible for an unpaid debt and provide the following information:

(1) The debtor's name, address, taxpayer identification number, and any other information necessary to establish the identity of the individual;

(2) The amount, status, and history of the debt; and

(3) The fact that the debt arose in connection with the administration of Federal Benefit Payments under a District Retirement Fund.

(c) *Subsequent reports.* The Benefits Administrator must update its report to the credit bureau whenever it has knowledge of events that substantially change the status or the amount of the liability.

(d) *Other reporting of delinquent debts.* Pursuant to 31 CFR 901.4, delinquent overpayment debts should be reported to the Department of Housing and Urban Development's Credit Alert Interactive Voice Response System (CAIVRS).

(e) *Privacy Act considerations.* A delinquent debt may not be reported under this section unless a notice issued pursuant to the Privacy Act, 5 U.S.C. 552a(e)(4), authorizes the disclosure of information about the debtor to a credit bureau or CAIVRS.

**§ 29.519 Referral to a collection agency.**

(a) The Department retains the responsibility for resolving disputes, compromising debts, referring overpayment debts for litigation, and suspending or terminating collection action.

(b) The Department may not refer overpayment debts to commercial collection agencies until all procedures required by or requested under §§ 29.511 through 29.514 have been completed.

## § 29.520

### § 29.520 Referral for litigation.

The Department may refer to the Justice Department for litigation overpayment debts which cannot be compromised or waived, or on which collection activity cannot be suspended or terminated, and which the Department has been unable to recover pursuant to the collection activity described in §§ 29.511 through 29.519. (See 31 CFR part 904.) Such debts should be referred to the Justice Department as early as possible, but at least within 1 year of the date such debts last became delinquent. In the case of overpayments arising from fraud, misrepresentation, or the presentation of a false claim, referral should be made to the Justice Department immediately. (See 31 CFR 900.3(a).) Referral of a debt to the Justice Department will suspend processing under §§ 29.511 through 29.519 of this subpart.

#### STANDARDS FOR WAIVER OF OVERPAYMENTS

### § 29.521 Conditions for waiver and other adjustments.

(a) *General.* Overpayments made from the Retirement Funds will be recovered unless there is substantial evidence that the individual from whom recovery is to be made is eligible for waiver.

(b) *Waiver.* The Department may waive an overpayment from the Retirement Funds (provided there is no indication of fraud, misrepresentation, or lack of good faith on the part of the debtor) under sections 11021(3) or 11251(c)(2)(B) of the Act when it is established by substantial evidence that the individual from whom recovery is to be made—

(1) Is not at fault in causing or contributing to the overpayment, and

(2) Recovery would be against equity and good conscience.

(c) *Adjustment in the installment schedule.* (1)(i) An overpayment will not be waived because of financial hardship if a reasonable installment schedule can be established for repayment of the debt by adjusting the installment schedule originally established.

(ii) For example, if the Department finds that the original installment schedule—24 installments at \$125 each—causes the debtor financial hard-

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ship, but that repayment in 60 installments at \$50 each does not, it may adjust the installments and recover the debt in full.

(2) Where it has been determined that an individual is ineligible for a waiver, but the individual has shown that collection action pursuant to the original installment schedule would cause him or her financial hardship, the Department may—

(i) Adjust the installment schedule if the individual shows that it would cause him or her financial hardship to make payments at the rate initially scheduled by the Department; or

(ii) Terminate the collection action under 31 CFR 903.3 if the costs of collecting the debt are anticipated to exceed the amount recoverable.

### § 29.522 Fault.

(a) *General rule.* A debtor is considered to be at fault if he or she, or any other person having an interest in obtaining a waiver of the claim, caused or contributed to the accrual of the overpayment. The Department considers a debtor or any other person having an interest in obtaining a waiver of the claim to have caused or contributed to the accrual of an overpayment if—

(1) Payment resulted from the individual's incorrect but not fraudulent statement, which the individual knew or should have known to be incorrect; or

(2) Payment resulted from the individual's failure to disclose facts in his or her possession which the individual knew or should have known were material, when the Department has identified that the individual has a duty to report and has clearly notified the individual of this reporting requirement.

(3) The following factors may affect the decision as to whether the debtor is or is not at fault where the debtor submitted an incorrect statement, or the debtor failed to disclose material facts in his or her possession—

(i) The debtor's age;

(ii) The debtor's physical and/or mental condition; and

(iii) The availability and nature of the information provided to the debtor by the Department.

(b) *Knowledge of an overpayment.* (1) Individuals who are aware that they

are not entitled to a payment or are aware that a payment is higher than the payment to which they are entitled are not considered to have contributed to the overpayment if they promptly contact the Benefits Administrator and question the correctness of the payment and take no further action in reliance of the overpayment.

(2) Any contact made with the Benefits Administrator concerning the overpayment within 60 days of receipt (if the overpayment is a recurring payment, contact must be made within 60 days of the initial payment) will satisfy the prompt notification requirement.

(c) *Reasonable person standard.* The Department will use a reasonable person standard to determine whether an individual should have known that a statement was incorrect or that material facts in the individual's possession should have been disclosed. The reasonable person standard will take into account the objective factors set forth in paragraph (a)(3) of this section.

#### **§ 29.523 Equity and good conscience.**

Recovery is against equity and good conscience when there is substantial evidence that—

(a) It would cause financial hardship to the person from whom it is sought no matter what the amount and length of the proposed installment;

(b) The recipient of the overpayment can show (regardless of his or her financial circumstances) that due to the notice that such payment would be made or because of the incorrect payment he or she either has relinquished a valuable right or has changed positions for the worse; or

(c) Recovery would be unconscionable under the circumstances.

#### **§ 29.524 Financial hardship.**

Financial hardship may be deemed to exist when the debtor needs substantially all of his or her current and anticipated income and liquid assets to meet current and anticipated ordinary and necessary living expenses during the projected period of collection. Financial hardship will not be found to exist when the debtor merely establishes that the repayment causes a financial burden, *i.e.*, when it is incon-

venient to repay the debt. If there are anticipated changes in income or expenses that would allow for the recovery of the overpayment at a later date, the Department may suspend collection action until a future date.

(a) *Considerations.* Pertinent considerations in determining whether recovery would cause financial hardship include the following:

(1) The debtor's financial ability to pay at the time collection is scheduled to be made, and

(2) Income to other family member(s), if such member's ordinary and necessary living expenses are included in expenses reported by the debtor.

#### **§ 29.525 Ordinary and necessary living expenses.**

An individual's ordinary and necessary living expenses include rent, mortgage payments, utilities, maintenance, transportation, food, clothing, insurance (life, health, and accident), taxes, installment payments for which the individual is already liable, medical expenses, support expenses for which the individual is legally responsible, and other miscellaneous expenses that the individual can establish as being ordinary and necessary.

#### **§ 29.526 Waiver precluded.**

Waivers will not be offered or granted when—

(1) The overpayment was obtained by fraud, misrepresentation, or by improper negotiation of checks or withdrawal of electronic fund transfer payments after the death of the payee; or

(2) The overpayment was made to an estate and a timely demand for repayment is made prior to the final disbursement by the administrator or executor of the estate.

## **PART 31—TROUBLED ASSET RELIEF PROGRAM**

Sec.  
31.1 General.

### **Subpart A [Reserved]**

### **Subpart B—Conflicts of Interest**

31.200 Purpose and scope.  
31.201 Definitions.  
31.211–31.216 [RESERVED]