Spotlight: Memorial Day

Memorial Day honors men and women who died while serving in the U.S. military. Originally known as Decoration Day, it originated in the years following the Civil War and became an official federal holiday in 1971. Many Americans observe Memorial Day by visiting cemeteries or memorials, holding family gatherings and participating in parades.

The Civil War claimed more lives than any conflict in U.S. history, requiring the establishment of the country’s first national cemeteries. By the late 1860s, Americans in various towns and cities began holding springtime tributes to these countless fallen soldiers, decorating their graves with flowers and reciting prayers. States held similar commemorative events and reprised the tradition in subsequent years; by 1890 each one had made Decoration Day an official state holiday.

Memorial Day originally honored only those lost while fighting in the Civil War. However, during World War I the United States found itself embroiled in another major conflict, and the holiday evolved to commemorate American military personnel who died in all wars. On May 11, 1950, the Congress, by Joint Resolution (Ch. 182, 64 Stat. 158), requested the President to issue a proclamation calling on the people of the United States to observe each Memorial Day as a day of prayer for permanent

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Separating Thrift Savings Plans (TSP) Participants from Federal Service

TSP participants are FERS and CSRS employees who have TSP accounts, even if they are not currently contributing. FERS employees receive Agency Automatic (1%) Contributions, so all FERS employees are TSP participants. CSRS employees may or may not be TSP participants. If you cannot verify the existence of a TSP account by any other means, contact your Agency Technical Services (ATS) representative.

In separating TSP participants from Federal service, there are agency responsibilities and post-separation options.

I. Agency Responsibilities

A. Verify ALL the personal information on file with the TSP. If the participant is covered by FERS, this includes the TSP service computation date (TSP-SCD) and the TSP

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Separating TSP Participants from Federal Service (Cont’d)

B. Timely submit an Employee Data (06) Record (EDR) to the TSP to update the separation code and the separation code date, and to provide the corrections or updates made to any other fields. **This is done by payroll.**

C. Remind the participant that he or she will be responsible for updating his or her address of record following separation. Separated participants can update their address by calling the ThriftLine (1-877-YOU-FRST), by logging into the online account section of the TSP website, or by submitting **Form TSP-9, Change in Address for Separated Participant.**

D. Explain the post-separation options to the participant.

E. Explain that additional withdrawal information and forms are available on the TSP website, **www.tsp.gov.**

Separating participants may leave their money in the TSP. Therefore, agencies should NOT provide them with withdrawal packages. Instead, agencies should direct separating participants to the TSP website. This is where the most recent versions of TSP materials may be found and will help ensure that participants do not use an obsolete form.

II. Post-Separation Options

Participants with balances of less than $200 at separation will automatically receive their entire account balance in a single payment.

For participants with balances of $200 or more at separation, there are multiple options. Participants may choose to leave money in the TSP. During this period, they can continue to manage their accounts by making interfund transfers, and may also rollover money into their TSP account from other qualified plans or IRAs. These participants will still have the full range of TSP withdrawal options whenever they choose, and will continue to take advantage of the TSP’s low administrative fees. Participants need not make a withdrawal decision until they turn 70½ (see the information on Required Minimum Distributions below).

Participants have several options when they decide to withdraw their money from the TSP, including:

- Receiving scheduled monthly payments from the TSP;
- Purchasing a life annuity;
- Taking a partial withdrawal (provided they did not take an age-based, in-service withdrawal);
- Withdrawing their account as a single payment; or
- A combination of the above methods.

Separated participants who have a civilian and a uniformed services account also have the option of combining both accounts into one using Form TSP-65. For more information about combining TSP accounts, along with all the other options available to participants who have separated from Federal service, see the booklet, Withdrawing Your TSP Account After Leaving Federal Service, and the regulations at **5 CFR § 1650.**

Although not required to withdraw their entire account balance, separated participants must begin to receive payments by April 1 following the calendar year they become age 70½, at which point they also become subject to the

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Separating TSP Participants from Internal Revenue Code’s Required Minimum Distribution (RMD) rules. Participants who are still Federal employees at age 70½ must begin to receive payments by April 1 following the calendar year of their separation from Federal service. When participants elect to receive scheduled monthly payments, the TSP will ensure the amount received satisfies their annual RMD. More information about withdrawal requirements and RMDs may be found in the TSP Tax Notice, Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions.

In an effort to make the withdrawal process easier for participants, and to prevent the submission of incorrectly completed forms, the Federal Retirement Thrift Investment Board recommends participants use the online “withdrawal wizard” to fill out the appropriate withdrawal form(s) electronically. The withdrawal wizard is available to all separated participants by logging into the online account section of the TSP website and choosing “Withdrawals” from the Online Transactions menu.

Pending Legislation

Recently, the United States House has sent H.R. 4435, National Defense Authorization Act for Fiscal Year 2015, for review which will impact Federal employees. The specific sections of particular interest to the Federal civilian Human Resources community are listed below:

Title XI - Civilian Personnel Matters

Sec. 1101. One-year extension of authority to waive annual limitation on premium pay and aggregate limitation on pay for Federal civilian employees working overseas.

Sec. 1102. One-year extension of discretionary authority to grant allowances, benefits, and gratuities to personnel on official duty in a combat zone.

Sec. 1104. Permanent authority for experimental personnel program for scientific and technical personnel.

Sec. 1105. Temporary authorities for certain positions at Department of Defense research and engineering facilities.

Spotlight: Memorial Day (cont’d)

(Continued from page 1)

mement peace and designating a period on that day when the people of the United States might unite in prayer. In 1968, Congress passed the Uniform Monday Holiday Act (P.L. 90–363), which established Memorial Day as the last Monday in May in order to create a three-day weekend for Federal employees; the change went into effect in 1971. The same law also declared it a federal holiday.

On Memorial Day, the flag of the United States is raised briskly to the top of the staff and then solemnly lowered to the half-staff position, where it remains only until noon. It is then raised to full-staff for the remainder of the day (4 U.S. Code, Ch. 1, Sec. 7(m)). The half-staff position remembers the men and women who gave their lives in service of their country.

On December 28, 2000, P.L. 106-579 sought to renew the legacy of Memorial Day by asking all Americans, at 3 p.m. local time, “To voluntarily and informally observe in their own way a Moment of remembrance and respect, pausing from whatever they are doing for a moment of silence or listening to ‘Taps.’”

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Did You know?

Employees hired before October 1, 1982 in the Civil Service Retirement System (CSRS) and receiving a Social Security old-age benefit after age 62 with military service can avoid “Catch 62” reductions without paying the military deposits.

Q1) We have a CSRS employee who turns 55 on June 7 with over 30 years of service and a retirement date of June 3. Since he is retiring in the month that he turns 55, can his retirement commence on June 4, 2014? Will his retirement suffer a one-sixth of 1 percent reduction since he is 4 days shy of turning age 55?

A1) Regarding whether the annuity of a retiring employee suffers a one-sixth reduction for retiring 4 days shy of turning age 55. Based on the information provided, the employee will not incur the one-sixth reduction. The annuity of an employee retiring before age 55 will be reduced by one-sixth of 1 percent for each full month you are under age 55 (5 U.S.C Section 8339 (h)). The key is each FULL month under 55 years of age and what makes this employee retirement eligible is that, based upon the information provided, he is retiring under 5 U.S.C. Section 8336 (o); an immediate retirement.

Q2) I read over the material submitted about the self + one option and I have a couple of questions that OPM did not address. Is this a new option in addition to the regular options we had before in regards to our health benefit choices (ie. self, self + family)? Is this option lower priced as it only covers one person rather than the family plan?

A2) Regarding the FEHB Self Plus One option. Yes, this is a new option to the options already being offered (e.g. self, self and family). In regards to price, the Congressional Budget Office (CBO) anticipates lower premium costs for those who enroll in this option versus those who enroll in self and family coverage. For more information on CBO findings, go to http://budget.house.gov/uploadedfiles/bba2013_cbo.pdf.

Pending Legislation (Cont’d)

(Continued from page 3)

Sec. 1106. Judicial review of Merit Systems Protection Board decisions relating to whistleblowers.

H.R. 4435 passed the House on May 22, 2014 and the Senate version (S. 2410) is currently awaiting passage in the Senate. If passed by the Senate, this authorization would require Presidential signature before becoming law.

If you would like more information on this subject, please email us at, benefits@cpms.osd.mil.

Employees who retired prior to age 62; and are not eligible for Social Security at age 62; continue to receive credit for the post-1956 military service even if they become entitled to receive Social Security at a later date and the military deposit was not made.
The rules for who, what and when retirees can receive the Federal Employees Retirement System (FERS) annuity supplement can vary for certain classes of employees (ex. Military Technicians, Firefighters, Law Enforcement Officers). In general, the FERS annuity supplement is paid, in addition to the FERS annuity benefit, at an employee’s Minimum Retirement Age (MRA). General requirements for annuity supplement eligibility require an employee to have at least one calendar year of FERS service and retirement with entitlement to an immediate annuity. For those receiving deferred, disability or immediate MRA+10 benefits, the annuity supplement is not added to their regular benefit.

The actual computation (calculated by OPM) represents a portion of the Social Security benefit earned while under FERS civilian service. The basic computation equals the Social Security benefit at age 62, divided by 40 and multiplied by total years of Federal civilian service. The actual computation may vary since OPM uses only the earnings under FERS received after age 22 to calculate the supplement. Social Security however, uses the entire earnings history regardless of how it was received, or the age at which it was earned.

Once the supplement is received, it is payable through the earlier of the following:

The last day of the month in which the individual reaches age 62; or
The last day of the month before the first month for which the retiree would be entitled to social security benefits.

**NOTE:** For purposes of the Annuity Supplement, an individual attains or becomes age 62 on the "first moment" of the day before their 62nd birthday. Therefore, if a retiree’s 62nd birthday is on July 1, then he or she becomes age 62 on June 30 (5 U.S.C. Section 8421(a)(3)(B)).

For additional information on the FERS annuity supplement, please see chapter 51 of the CSRS and FERS handbook. If you would like more information or have recommendations and/or general comments, please contact us at benefits@cpms.osd.mil.

### Understanding Benefits Paid to the Surviving Spouse of a Deceased CSRS Annuitant

A spousal CSRS survivor annuity is payable to the spouse of a deceased annuitant only if, the annuitant elected a reduced annuity at the time of retirement to provide the surviving spouse an annuity benefit. To qualify as a survivor spouse of a deceased annuitant, the surviving spouse must be married to the annuitant at the time of the annuitant’s death, and must meet one of the following requirements:

- The surviving spouse and the annuitant must have been married for at least nine months while the annuitant was in federal service;

- A child was born of the marriage. For this purpose, a child includes: (1) a child born posthumously to the deceased annuitant and spouse; (2) a child born to the deceased annuitant and spouse before they were married; (3) a child of a prior marriage between the deceased annuitant and spouse. Note that an adopted child is not a child born of the marriage; or

- The death of the annuitant was accidental. In general, for a death to be considered accidental the death must be from a cause that

*(Continued on page 6)*
Understanding Benefits
Paid to the Surviving
Spouse of a Deceased CSRS
Annuitant

(Continued from page 5)

is considered accidental under Federal
Employees Group Life Insurance
(FEGLI) program.

NOTE: On June 26, 2013, the Supreme
Court decision on the Defense of
Marriage Act entitled same-sex
married couples to the same sur-
vivor options and rights as heter-
osexual married couples.

To qualify as a
survivor spouse
of a decreased
annuitant the
surviving spouse
must be married
at the time of
death, and must
meet one of the
following:

1. The surviving
spouse and the
annuitant must
have been
married for at
least nine
months while
the annuitant
was in Federal
service;

2. A child was
born of the
marriage;

3. The death of
the annuitant
was accidental.

Frequently, a surviving spouse may re-
ceive only one CSRS survivor annuity
based on the service of one employee.
Nevertheless, it is possible that a surviv-
ing spouse could receive more than one
survivor annuity benefit based on the ser-
vice of more than one employee. The fol-
lowing example illustrates:

Alan marries Lisa while Lisa is an employee
covered by CSRS. After 10 years of mar-
riage, Lisa dies in service. Alan receives a
survivor annuity. After Alan reaches age 55,
he marries Diane who is a CSRS-covered
employee at the time of the marriage.
Three years later Diane dies in service. Alan
is entitled to both CSRS survivor annuities.

A surviving spouse may not, however, re-
ceive survivor annuities based on the ser-
vice of more than one individual if any of
the survivor annuities were: (1) based on
a marriage after the employee retired
from federal service; or (2) reinstated
after the surviving spouse remarried be-
fore age 55. If in the previous example
Alan were younger than age 55 when he
married Lisa, then he could receive only
one of the survivor annuities (his choice).
In addition, if Lisa or Diane were CSRS an-
nuitants rather than employees at the
time they married Alan would have to
choose one of the survivor annuities.

A court order awarding a former
spouse a survivor annuity prevents the
Office of Personnel Management
(OPM) from paying the surviving
spouse, the portion of the survivor
annuity awarded by the court order.
But the surviving spouse, if otherwise
eligible, remains eligible for the com-
plete survivor annuity if and when the
former spouse loses eligibility. None-
theless, even when no benefits are
currently payable to the surviving
spouse because of the court-ordered
entitlement of the former spouse, the
surviving spouse is entitled to Federal
Employees Health Benefits (FEHB)
health insurance coverage, assuming
the annuitant had self and family en-
rollment. Consider the following ex-
ample:

Jacob elected a full CSRS survivor an-
nuity benefit for his wife Heather
when he retired in 2010. In 2012
they divorce and a court order
awarded Heather the full CSRS survi-
vor annuity benefit. In 2013, Jacob
married Hillary and elected a full sur-
vivor annuity benefit for Hillary. In
early 2014 Jason died. Upon his
death, the full survivor annuity bene-
fit is paid to Heather as a result of
the court order. Hillary can retain
FEHB coverage by paying OPM di-
rectly for the FEHB health insurance.
If Jacob and Heather were married
for less than 30 years and if Heather
remarries before age 55, then she
loses entitlement to the survivor an-
nuity, and full survivor annuity bene-
fits will be paid to Hillary. If Heather
were to die, then Hillary would also
receive a full survivor annuity.
Retirement Coverage Determination

Chapter 10 of the Civil Service Retirement System (CSRS)/Federal Employee Retirement System (FERS) Handbook contains the rules that will assist you in determining and verifying whether an employee belongs in the CSRS or FERS retirement system. In verifying past determinations, be sure you list all potentially creditable civilian service. For employees with service before 1987, look at each change in appointment that has occurred since January 1, 1984, to determine if the employee had a break in CSRS coverage that exceeded 365 days, or was first hired after December 31, 1983. To accurately make your determination you will need to apply the 5-year test; to apply, confirm the following:

The employee had 5 years of creditable civilian service as of December 31, 1986. If so, the employee has met the 5-year test. The 5-year test is also met if the employee has had a break in service of more than 3 days ending after 1986, had any amount of past coverage under the CSRS or Foreign Service Retirement System (FSRS) and also had 5 years of creditable civilian service as of the break in service.

NOTE: The 5-year test is not applicable to employees who have previously been covered by FERS.

CSRS Interim employees who did not meet the 5-year test on December 31, 1986, became automatically covered by FERS on January 1, 1987. However, no employees who were covered under CSRS only were automatically converted to FERS, even if they had less than 5 years of service on December 31, 1986. Certain senior officials were also excluded from automatic coverage even though they had less than 5 years of service.

Most automatic coverage changes were made effective at the beginning of the first pay period in 1987. After December 31, 1986, employees who were rehired or converted to CSRS Interim were automatically covered by FERS unless they met the 5-year test or were excluded from OASDI coverage.

NOTE: An employee who was once covered under FERS cannot have CSRS (including CSRS Offset) coverage in future Federal appointments.

It is very important that you, as the Human Resources Specialist, accurately determine the employee’s correct retirement system. It is agreed that the rules and regulations that govern federal retirement coverage can be complicated, which is one reason why it is extremely important that the correct retirement coverage determination is made for employees, especially when they have prior federal civilian service.

Please keep in mind that determining proper retirement coverage depends upon several factors including: the date of an employee's first appointment, type of prior retirement coverage (if any), amount and dates of service and of any breaks in service, type of appointment, FERS election opportunities and Social Security coverage requirements. If the employee is placed in the wrong retirement system, you, the agency, and the employee could be subjected to the rules and regulations of Public Law 106-265, the Federal Erroneous Retirement Coverage Corrections Act!
Military Retired Pay and Service Credit

The question arises, when a military retiree becomes a civilian employee, whether it is economically sensible to buy back their military time by making a deposit towards their civilian retirement. The deposit is 3% of the estimated earnings for a FERS employee and 7% for a CSRS employee. In addition, interest is applied at the beginning of the third year of the anniversary of becoming a civilian.

NOTE: For both CSRS and FERS, Military Deposits for service covering 1999 and 2000 will be based upon a different amount than mentioned above. For 1999, CSRS will be 7.25% and FERS will be 3.25%. For 2000, CSRS is 7.40% and FERS is 3.40%.

This option, to make a military deposit, would require the military retiree to waive their military retirement pay prior to obtaining their civilian retirement. However, there are exemptions due to a service-connected disability or a reserve retirement under provisions of Title 10 U.S.C. 12731-12739. The waiving of a military retirement would not affect the other military retirement benefits such as TRICARE as well as base and commissary privileges.

Normally, it is not advantageous for a military retiree receiving a full military retirement pay to make a military deposit as a civilian employee. This is because in most cases the full military retirement is of greater value than the civilian retirement annuity. Yet there are some decisions to consider, a few have been listed below.

Consider:

- What type of financial impact will it be to make the deposit and would there be any impact on keeping the careers separate or combining them?
- How would the decision to combine the two affect Social Security retirement benefits?
- How long will it take for the benefit of making a deposit either in a lump sum or over time be recouped?

Overall, the consideration for making a deposit and receiving service credit is one that requires an individual to review their options. Employees should obtain a retirement estimate from their Human Resource office or EBIS system to show the difference between the two options; a retirement estimate including the military deposit and a retirement estimate without the military deposit. One other consideration is to avoid the additional interest by paying the deposit in a lump sum or by payroll deductions prior to the beginning of the third year of becoming a civilian.

Upcoming Benefits Training

Benefits Intermediate Course
July 22-25, 2014
Time: 8:00-4:30 pm
Place: Mark Center-Alexandria, VA

Advanced Benefits Workshop
August 12-15, 2014
Time: 8:00 am to 4:00 pm
Place: Mark Center-Alexandria, VA

DoD Personnel Click Here to Register
Class Picture (s)

Course: BASIC  
Date: March 18-21  
Location: The Mark Center

Course: BASIC  
Date: April 22-25  
Location: Sacramento, CA

Course: BASIC  
Date: April 15-18  
Location: The Mark Center

Course: ABW  
Date: May 13-15  
Location: Virginia Beach, VA

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