Death-In-Service Claims Processing

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Objectives

• Define Death in Service and Death of Annuitant

• Explain Survivor Benefits Eligibility and Entitlement

• Discuss Unpaid Compensations, Federal Employees Group Life Insurance (FEGLI), Federal Employees Health Benefits (FEHB), and Thrift Savings Plan (TSP)

• Discuss required documents and forms for processing death benefits claims

• Discuss Death Gratuity Payment
Death in Service vs Death of Annuitant

• **Death in Service:**
  • An employee dies while on the agency rolls.
  • An employee applies for immediate retirement and dies *before* the commencing date of the annuity, or
  • A disability retirement applicant dies *before* final separation by their employing agency

• When an employee dies, benefits may be payable to a surviving spouse, children, and a former spouse.
Death in Service vs Death of Annuitant

• Death of Annuitant:

• 1) Met all requirements for entitlement to an annuity (application, age, service, etc.),
• 2) Separated from the agency rolls, and
• 3) Dies on or after the date on which annuity begins to accrue
Survivor Benefits

Civil Service Retirement System (CSRS)
The are two types of retirement benefits payable upon the death of a CSRS employee:
• The survivor annuity for spouse and/or child(ren)
• If not applicable, the Lump Sum Benefit

Federal Employees Retirement System (FERS)
There are three types of retirement benefits payable upon the death of a FERS employee:
• Basic Employee Death Benefit (BEDB)
• Survivor annuity for spouse and/or child(ren)
• If not applicable, the Lump Sum Benefit
Civil Service Retirement System (CSRS)

- Monthly Annuity for Survivor (Spouse and/or children)
  - Deceased employee must have had 18 months of creditable civilian service
  - Payable to current, or court ordered former spouse, and/or eligible children

- Eligible Spouse:
  - Married to the employee for at least 9 months at the time of death
  - Exceptions: A child was born of the marriage or the employee’s death was accidental
CSRS Survivor Benefits - Eligibility

Civil Service Retirement System (CSRS)

A monthly survivor annuity may be payable to dependent children upon the death of an employee or annuitant. This annuity is provided by law. Employee must have completed at least 18 months of creditable civilian service and died while subject to FERS.

Eligible children are:
- Was dependent of the employee at the time of death
- Unmarried
- Under age 18
- Between 18-22 if a full-time student
- Disabled prior to age 18 and incapable of self support
FERS Survivor Benefits - Eligibility

Federal Employees Retirement System (FERS)

• Basic Employee Death Benefit (BEDB) for spouse
  • The employee must have at least 18 months of creditable civilian service
• Monthly survivor annuity for spouse
  - Deceased employee must have had 10 years of total creditable service (at least 18 months must be civilian) and died while subject to FERS deductions.
  - Payable to current, or court ordered former spouse, and/or eligible children

• Eligible Spouse:
  - Married to the employee for at least 9 months at the time of death unless the employee’s death was accidental or, be the biological parent of the deceased’s child
FERS Survivor Benefits - Eligibility

Federal Employees Retirement System (FERS)

A monthly survivor annuity may be payable to dependent children upon the death of an employee or annuitant. This annuity is provided by law. Employee must have completed at least 18 months of creditable civilian service and died while subject to FERS.

Eligible children are:

- Was dependent of the employee at the time of death
- Unmarried
- Under age 18
- Between 18-22 if a full-time student
- Disabled prior to age 18 and incapable of self support
Civil Service Retirement System (CSRS)

The spouse’s annuity will be 55 percent of the higher of:

- Deceased employee’s high-3 average salary and length of service to date of death **or** the Guaranteed Minimum which is the lesser of:

  - 40 percent of the deceased employee’s high-3 average salary
  - **OR**
  - Regular annuity after increasing the employee’s length in service by the date of death and the date the employee would have been age 60.
Federal Employees Retirement System (FERS)

- Basic Employee Death Benefit (BEDB) is payable only to current or court ordered former spouse

- The BEDB rate changes, the 2019 rate is $33,998.05 (BAL 19-101)

- BEDB total = the current annual rate + 50% of the employee’s final salary (or Hi-3 if higher)

- Survivor must elect to receive one payment or 36 monthly installments
FERS Survivor Benefits – Entitlement

Federal Employees Retirement System (FERS)

• Monthly Annuity for Survivor (Spouse and/or children) is payable to current, or court ordered former spouse, and/or eligible children.

• Annuity computation:
  • Survivor receives 50% of the annuity the employee would have earned at time of death. No age reduction if employee is under MRA at time of death.
Child Annuity

- Single Orphan Rate (one living parent married to employee):
  - $537 per month per child; or
  - $1,611 per month divided by the number of eligible children (if over 3).

- Double Orphan Rate (no living parent married to employee):
  - $644 per month per child; or
  - $1,932 per month divided by the number of eligible children (if over 3).
FERS & CSRS Survivor Benefits - Entitlement

Lump Sum Benefit

• If no one is eligible for a survivor annuity, a Lump Sum Benefit is paid

• Lump Sum Benefits:
  • The balance of any retirement contributions
  • Any money in the process of being deposited or redeposited for prior service
  • If there are no eligible children or spouse the Lump Sum Benefit will be distributed according to the order of precedence
Survivor Benefits – Application Process for CSRS

Civil Service Retirement System (CSRS)

• Survivors of deceased CSRS employees must complete the SF 2800, Application for Death Benefits

• The personnel office must complete and include:
  ✓ SF 2801-1, Certified Summary of Federal Service
  ✓ SF 2800A, Agency Certification for Death in Service
  ✓ A certified copy of the death certificate and all supporting documents

• Payroll office closes out payroll record and include SF 2806, Individual Retirement Record
Survivor Benefits – Application Process for FERS

Federal Employees Retirement System (FERS)

• Survivors of deceased FERS employees must complete the SF 3104 & SF 3104B, Application for Death Benefits
• The personnel office must complete and include:
  ✓ SF 3107-1, Certified Summary of Federal Service,
  ✓ A copy of the Social Security Administration letter verifying entitlements (when requesting children's benefits)
  ✓ A certified copy of the death certificate and all supporting documents
• Payroll office closes out payroll record and include SF 3100, Individual Retirement Record
Federal Employees Group Life Insurance (FEGLI)

Agency Responsibilities

- Counsel survivors to complete and submit FE-6, Claim for Death Benefits, Federal Employees' Group Life Insurance Program
- Within 24 hours of notification of the death of an insured employee, a SF 2821 Agency Certification of Insurance Status must be completed
- Provide the latest and valid SF 2823 FEGLI Beneficiary form

Method of Settlement

- Office of Federal Employees Group Life Insurance (OFEGGLI) will pay benefits under $5,000 in a single check that is mailed directly to each beneficiary
- Beneficiaries entitled to proceeds of $5,000 or more can choose to receive a check or setup a MetLife Total Control Account (TCA)
Federal Employees Health Benefits (FEHB)

Eligibility for Survivors

- If enrolled under the employee’s Self Plus One or Self and Family plan on date of death
- If survivor annuity is payable, and/or
- If FERS BEDB is payable
- For a child survivor, the child must be unmarried; and under age 26

Agency Responsibilities

- If survivor(s) is eligible for FEHB coverage, remove all SF2809s and SF2810 from OPF and submit them to OPM
- If survivor(s) is NOT eligible for FEHB, must process SF2810 and terminate the enrollment and write in the Remark section: “Enrollee died (date).” And leave all FEHB documents in OPF.
Eligibility

- If participant dies before completing TSP Beneficiary Form (TSP-3) and if no TSP-3 is on file, the TSP account will be paid according to the Order of Precedence;
- TSP will not honor a will or prenuptial agreement when distributing a TSP account

Agency Responsibilities

Provide the following forms to the survivor or designated beneficiaries:

- TSP 17, Information Relating to Deceased Participant
- TSP-583, Important Tax Information About Thrift Savings Plan Death Benefits Payments
Unpaid Compensations

Survivors may be entitled to receive unpaid compensation, which includes:

• Pay or allowances due based on the service of the deceased employee to include travel reimbursements, all cost-of-living allowances, & overtime or premium pay
• Unused Hours of Annual Leave Balance

Agency Responsibilities
• Review and remove the latest SF 1152, Unpaid Compensation Designation of Beneficiary form from OPF
• Complete SF 1153, Claim for Unpaid Compensation of Deceased Civilian Employee
• Forward the SF 1152, SF 1153, and death certificate to the agency payroll office.
Death Resulting from Work Injuries

Agency Responsibilities

- Notify Office of Worker’s Compensation Program (OWCP) at Department of Labor (DOL) of the death resulting from work injuries.
- Contact and assist survivors in preparing the appropriate forms
  - CA-5, Claim for Compensation by Widow, Widower and/or Children
  - CA-5b, Claim for Compensation by Parents, Brothers, Sister, Grandparents or Grandchildren
  - CA-6, Official Superior’s Report of Employee’s Death
- Upon receipt of all required forms, forward the death claim package to OWCP for adjudication

OWCP Processing Information

- Upon receipt of the death claim package, a claim number will be assigned to the case and the claimant will receive notification of the number by mail.
- An OWCP examiner will adjudicate the case and the claimant will be advised of the outcome.
Death Gratuity Payment

Public Law 104-208: Job related death
• $10,000 death gratuity payable to designated beneficiaries retroactive to August 2, 1990
• Payable by the agency

Public Law 110-181: Job related death, incurred in civilian service with an Armed Force in a contingency operation
• Up to $100,000
• Payable by Office of Workers’ Compensation (OWCP)

Agency Responsibilities
• Provide payroll a written notification with the deceased name and SSN, amount of gratuity payment, POC to obtain proper fund cite for payment.
• Send a survivor/personal representative a letter informing him/her that a death gratuity payment is being processed.
• DFAS or DCPS will prepare SF1049, Public Voucher for Refunds and IRS Form 1099R and forward to a survivor/personal representative.
Tax Information

- TSP
- FEGLI
- FERS BDB
- Unpaid Compensation
- Lump Sum Payment
- Public Safety Officers
- Death Gratuity Payment
References

- Title 5, United States Code (U.S.C) sections 8341(a)(1) and (2); 8342(d); 8341(g); 8341(i); 8342(c) and (d); 8442(b)-(e)
- Title 5, Code of Federal Regulations (CFR) sections 831.601, 602, 603; 842; 843
- CSRS/FERS Handbook Chapter 70, Spouse Benefits - Death of an Employee
- CSRS/FERS Handbook Chapter 73, Children's Benefits
- CSRS/FERS Handbook Chapter 74, Former Spouse Survivor Benefits
- CSRS/FERS Handbook Chapter 75, Lump Sum Benefits
- Benefits Administration Letter (BAL) 09-102, Information to Agencies to Improve Survivor Claim Processing upon the Death of a Federal Employee
- TSPBK31, Death Benefits
- Title 5, United States Code Subpart G, Chapter 81
- Title 20, Code Federal Regulation Part 10
Questions