Retirement Coverage Determinations (RCD)
Objectives

Participants should be able to:

• Gain understanding of the different retirement systems

• Determine the correct retirement coverage of an employee
The Evolution of Civil Service Retirement

8/1/1920

Civil Service Retirement System (CSRS)

8/1/1935

Social Security

1/1/1984

New Hires Placed in CSRS Interim

1/1/1987

New Hires Placed in the Federal Employees Retirement System (FERS)

1/1/2013

New Hires Placed in FERS – Revised Annuity Employees (RAE)

1/1/2014

New Hires Placed in FERS – Further Revised Annuity Employees (FRAE)

Interim Employees and Rehires:
Meeting the 5-Year Test Placed in CSRS Offset or FICA only
Not Meeting the 5-Year Test Placed in FERS.

5-Year Test

Part 1 Employee had 5 years of potentially creditable service as of December 31, 1986,
or: (if no continue)

Part 2 Employee had a break in service that ended after December 31, 1986, and
Employee had 5 years of potentially creditable service as of last break, and
Employee had at least one day of coverage under CSRS or FSRDS
Steps to Determine Retirement Coverage

Step 1
- Is the current appointment excluded from CSRS or FERS?
- Does continuity of coverage apply?

Step 2
- Does the employee have prior FERS coverage?

Step 3
- Is the employee subject to Social Security?

Step 4
- Does the employee meet the 5-year test?
### Excluded Appointments under CSRS and FERS

<table>
<thead>
<tr>
<th>CSRS</th>
<th>FERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEMPORARY</td>
<td>TEMPORARY NTE 1 YR or LESS</td>
</tr>
<tr>
<td>TERM</td>
<td>INTERMITTENT*</td>
</tr>
<tr>
<td>TAPER</td>
<td></td>
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<tr>
<td>INDEFINITE</td>
<td></td>
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<tr>
<td>INTERMITTENT</td>
<td></td>
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<tr>
<td>Excepted appointments of one year or less</td>
<td></td>
</tr>
</tbody>
</table>

* Exception: Career/Career-Conditional Appointment
First Hired in a covered position on or after Jan 1, 1984

Had a break in CSRS >365 days

Hired under appt. excluded from CSRS/FERS with 4 day or more break

Exclude:

• Employee receiving OWCP
• Separation to perform military service
Break in Covered Service

• When does a break in covered service begin?
  - A break in covered service begins the day after separation from a covered appointment.

• When does a break in covered service end?
  - A break in covered service ends the day of the return to an appointment not excluded from CSRS or FERS coverage.

Example:
Resignation (from CSRS) 05-08-1992
Career Appt. (Rehired) 11-30-2003
5 Year Test consists of Two Parts:

• Part 1
  – 5 years or more of potentially creditable civilian service (PCCS) as of 12-31-1986

• Part 2
  – Must have a break in service ending after 12-31-1986
  – 5 years or more of PCCS as of the last break in service, AND
  – At least one day of prior CSRS or Foreign Service Retirement and Disability System (FSRDS) covered service
Conner vs. OPM – changed 5 Year Test

Connor Case changed the order of applying Part 1 and Part 2 tests of 5 Year Test

• Before Connor Case
  If an employee had a break in service ending after 12/31/1986, OPM applied Part 2 of the 5-year test only.

• After Connor Case
  Regardless of breaks in service, Part 1 of the 5-year test (as of 12/31/1986) is applied first.
FERS Election Opportunity

• When an employee covered under CSRS/CSRS Offset has a break-in-service of 3 days or more, the employee should be given a 6-month opportunity to make an election to FERS.

• When an employee is erroneously placed in a wrong retirement coverage system for more than 3 years under FERCCA, the employee may be given an opportunity to elect to remain under the current retirement system or the correct retirement system.

• Once FERS, always FERS.
Deemed FERS Election

When employee is erroneously placed in FERS and **NOT** given an opportunity to elect FERS, employee may have a Deemed FERS Election opportunity

- Remain covered by FERS unless employee declines (error must be less than 3 years)
- BAL 02-103, dated May 7, 2002
An individual hired in 2013 or later will be subject to FERS-RAE coverage unless any of these exceptions apply:

- **On December 31, 2012,** the individual was covered under FERS; or

- **On December 31, 2012,** the individual was performing civilian service which is creditable or potentially creditable service under FERS; or

- **As of December 31, 2012,** the individual had performed at least **five years** of civilian service creditable or potentially creditable under FERS, including service subject to CSRS or CSRS-Offset.

✓ BAL 13-102 for additional details
FERS-Further Revised Annuity Employees (FRAE)

An individual hired in 2014 or will be subject to FERS-FRAE coverage, unless any of these exceptions apply:

- **On December 31, 2013**, the individual was covered under FERS or FERS-RAE; or

- **On December 31, 2013**, the individual was performing civilian service which is creditable or potentially creditable service under FERS or FERS-RAE; or

- As of December 31, 2013 the individual had performed at least five years of civilian service creditable or potentially creditable under FERS, including service subject to FERS-RAE, CSRS or CSRS-Offset.

✔ BAL 14-102 for additional details
### Determination Tables

<table>
<thead>
<tr>
<th>STEP</th>
<th>DECISION FACTOR</th>
<th>IF YES ...</th>
<th>IF NO ...</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Does employee have prior non-Federal service that was covered by or creditable under CSRS? (See section 10A1.3-3B)</td>
<td>Go to Step 2</td>
<td>Go to Step 5</td>
</tr>
<tr>
<td>2</td>
<td>Does employee meet 5 year test? (See section 10A1.1-2I)</td>
<td>Go to Step 3</td>
<td>Skip to Step 5</td>
</tr>
<tr>
<td>3</td>
<td>Is current appointment excluded from CSRS? (See section 10A1.3-3)</td>
<td>Go to Step 4</td>
<td>Coverage under CSRS Offset with option to elect FERS</td>
</tr>
<tr>
<td>4</td>
<td>Is current appointment excluded from FERS? (See section 10A1.3-5)</td>
<td>Coverage under FICA only (unless not applicable)</td>
<td>Covered by FICA with option to elect FERS</td>
</tr>
<tr>
<td>5</td>
<td>Is appointment excluded from FERS by law or regulation? (See section 10A1.3-5)</td>
<td>Coverage under FICA only (unless not applicable)</td>
<td>Go to Step 6</td>
</tr>
<tr>
<td>6.</td>
<td>Is appointment effective on or after January 1, 2013</td>
<td>Coverage under FERS-RAE</td>
<td>Coverage under FERS</td>
</tr>
</tbody>
</table>

#### First Hire
- First Hire

#### Transfers and Conversions
- Transfers and Conversions

#### Rehires
- Rehires
References

- Public Law 98-21, Social Security Amendment
- CSRS/FERS Handbook Chapter 10 - Coverage
- CSRS/FERS Handbook Chapter 50, Section 50A2.1-3
- Benefits Administration Letters: 97-107, 02-103, 13-102, 14-102, and 14-107
Question