Reemployed Annuitants Workshop

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Objectives

- Identify rehired employees who are reemployed annuitants

- Summarize the provisions of the policy - Employment of Annuitants

- Counsel reemployed annuitants regarding their benefits and entitlements upon reemployment and at final separation from the reemployed appointment

- Follow procedures to complete reemployment actions
Historical View (1)

  - Signed into law November 24, 2003
  - created unintended consequences for Discontinued Service Retirement (DSR) annuitants.
  - DSR annuitants were not able to earn retirement credit for their reemployment service
- Memorandum dated February 3, 2004, from Director, CPMS, suspended all appointments of reemployed annuitants

- Section 1106 of Public Law 110-181, amended the provisions of Public Law 108-136 to allow DSR reemployed annuitants the opportunity to elect to make retirement contributions to earn further retirement credit in lieu of receiving full salary and annuity.
Revision of Public Law 108-136 found in Public Law 110-181, and policy memorandums established three (3) main dates/categories that exist regarding DoD Reemployed Annuitants:

- **Reemployed Annuitants rehired Before November 24, 2003**
- **Reemployed Annuitants rehired After November 23, 2003**
- **Reemployed Annuitants rehired on or After November 25, 2003**
Before
November 24, 2003
Who is a Reemployed Annuitant

- A reemployed annuitant hired before November 24, 2003 was an individual who was receiving a CSRS or FERS annuity and at the same time, reemployed in the Federal service.

- These reemployed annuitants were also individuals who applied and were approved for a disability retirement under CSRS or FERS but, elected to receive OWCP benefits in lieu of an annuity from the Office of Personnel Management (OPM).

- Under CSRS, an employee who retired on an optional (meeting age and service with no reduction) or voluntary early retirement (VERA) continued to receive their annuity during reemployment regardless of the type of the appointment.

- Under FERS, with few exceptions, once retired and reemployed by the Federal government; continued to receive their annuity.
Who was Not a Reemployed Annuitant

- A CSRS employee who retired on a DSR and rehired on a permanent appointment
- An individual who retired on a disability retirement and OPM found them recovered or restored to earning capacity before their reemployment; or OPM later found the employee recovered or restored,
- An individual who retired on a disability retirement because they were medically disqualified for continuing membership in the National Guard
- A CSRS or FERS annuitant who was covered under a Non-appropriated Fund retirement system;
- A individual who retired under FERS MRA + 10 (Postponed).
Reemployed Annuitants Hired Before November 24, 2003

- TYPES OF APPOINTMENTS

- Potential benefits and elections to contribute to retirement depended on the length of service and appointment types being rehired into as a reemployed annuitant:
  - Temporary NTE (may also include Term)
  - Permanent
• Reemployed Annuitants received offset to their annuity based on the following formula:

\[
\frac{\text{Gross Monthly} \times 12}{2087 \text{ hours (} \# \text{ of hours in work year)} = \text{Hourly Rate of Annuity}
\]

than

\[
\text{Hourly Rate of Annuity} \times \text{Hours of Basic Pay per Pay Period} = \text{Total Amount of Offset for the Pay Period}
\]
Offset Salary Waiver Options

Agency had to request a waiver from OPM to stop salary offset based on the exceptional difficulty in recruiting or retaining a highly qualified employee.
The effects on benefits for a Reemployed Annuitant rehired before November 24, 2003 varied depending on whether the Annuitant was CSRS, CSRS Offset or FERS, and the length of time of reemployment. Benefits affected included:

- Thrift Savings Plan
- Credit for Reemployment Service
- Supplemental Annuity
- Redetermined Annuity
Reemployed Annuitant

After

November 23, 2003
Reemployed Annuitants Hired
After Nov 23, 2003

- Receive full annuity and no salary offset
- Covered by FICA only - “2”
- Not eligible to contribute to retirement or TSP
- No additional service credit
Appointee Criteria

Organizations may appoint annuitants:

- To fill a hard-to-fill position
- To fill a critical position to accomplish the organization’s mission
- To complete a specific project or initiative
- Who have unique skills or specialized skills or unusual qualifications or,
- To mentor less experienced employees and/or provide continuity during organizational transitions (appointments are time limited, e.g. not more than 2087 hours)

Note: If an annuitant did not meet one of the criteria they could not be appointed to a position in DoD
Who Is A Reemployed Annuitant

- Reemployed Annuitants rehired after Nov 23, 2003 receiving an annuity from OPM based on:
  - Optional, Voluntary Early, CSRS, CSRS Offset or FERS Discontinued Service Retire (DSR)
  - Disability not found recovered or restored
  - National Guard Technicians retired under a special disability retirement because of loss of military membership due to a disability
  - An employee who applied for and were approved for Disability retirement but is receiving OWCP benefits in lieu of annuity payments
Who Is Not A Reemployed Annuitant

- Individuals on Disability - found recovered/restored by OPM
- Individuals who separated on MRA + 10 (Postponed)
- CSRS or FERS annuitants covered under a Non-appropriated Fund (NAF) retirement system
Reemployed Annuitants Hired

On or After

November 25, 2003
Reemployed Annuitants

The CSRS/CSRS Offset and FERS Discontinued Service Retirement (DSR) annuitants appointed on or after November 25, 2003 based on Public Law 9902(h), Title 5 USC added election opportunities for DSR
Appointments Excluded from CSRS or FERS Coverage

**CSRS**
- Temporary
- Intermittent
- Taper
- Indefinite
- Term
- Excepted Appointments of one year or less

**FERS**
- Temporary NTE one year or less
- Intermittent

**NOTE:** Employees serving under excluded appointments will be FICA (Social Security) only.
CSRS/CSRS Offset DSRs Annuitants
Reemployed On or After November 25, 2003

- If appointment is not excluded from CSRS coverage, annuitant may elect between:
  - full annuity and salary with no retirement deductions (or retirement credit)
  - termination of annuity and automatic retirement deductions.

- If appointment is excluded from CSRS coverage, annuitant may elect between:
  - full annuity and salary with no retirement deductions (or retirement credit)
  - full annuity with salary offset and an election to make retirement deductions.

If no election is made within 90 days, annuitant will receive full annuity and salary and will be unable to receive credit for future retirement benefits. Continuity of coverage does not apply.
# FERS DSR Annuitants Reemployed

<table>
<thead>
<tr>
<th>Two options within 90 Days</th>
<th>No Election within 90 Days</th>
<th>Three-Day Break in Service or Less</th>
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<tbody>
<tr>
<td>Full annuity and salary with no retirement deductions</td>
<td>Will receive full annuity and salary</td>
<td>Continuity of coverage will apply</td>
</tr>
<tr>
<td>Full annuity with salary offset and automatic retirement deductions</td>
<td>Will be unable to receive credit for future retirement benefits</td>
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Providing Professional Growth & Development to the HR Benefits Community (21)
DSR’s Less than 1 year

If a DSR Reemployed Annuitant works less than 1 year of continuous service, they can reinstate their Discontinued Service Retirement. If they work more than 1 year and earn entitlement to a Supplemental or Redetermined annuity, than they must retire under Optional Retirement.
Election to Contribute to Retirement

If a CSRS/CSRS Offset DSR Reemployed Annuitant elects to have retirement deductions withheld, a notification of the request should be sent to the agency payroll using Job Aid #4. The employee should understand the following:

- Contributions prospective
- Election irrevocable
Benefits for DSR Annuitants

- TSP Eligibility
- Supplemental Annuity
- Redetermined Annuity
Supplemental Annuity

Eligibility

Payable only if final period of reemployment consists of at least 1 year of actual continuous full-time and/or part-time (equivalent to at least 1 year of full-time) service. A new Retirement Application is required.
Supplemental Annuity

Eligibility Requirements

Ensure service is not excluded from credit

Determine Actual Continuous Service

Review any Leave Without Pay (LWOP)
Computation of a Supplemental Annuity

**Average Salary:** Average of the full rates of basic pay in effect during **ALL periods of reemployment** credited in the computation. Each rate is time weighted.

**Creditable Service:** All periods of actual, full or part-time service performed subsequent to retirement or the separation on which the annuitant established title to a prior supplemental annuity.

**PLUS** sick leave accumulated since reemployment
Computation Method - CSRS

- **Supplemental annuity** computed using general formula

- Portion of the general formula used is determined by the amount of creditable service at the time of original retirement

If length of service exceeded 10 years, the computation method is:

\[ \text{Annuity} = 2\% \times \text{Average Salary} \times \text{Length of Service} \]
Computation Method - FERS

- Supplemental annuity computed using general formula

- Service is credited at 1 percent of the average salary per year of service

The 1.1 percent for the 62/20 annuity is not applicable
Reemployed Annuitants Elected FERS

- Service prior to FERS election is creditable using CSRS rules (no CSRS credit if reemployed under CSRS for less than one month)

- Service on/after date of FERS election is creditable using the FERS rules
Survivor Annuity Election

- Must have elected a survivor benefit at retirement
- Supplemental survivor benefit automatic unless declined in writing by annuitant
- Spousal consent not required to decline
- Spouse will receive 55% (CSRS) or 50% (FERS) of the supplemental annuity
- Supplemental annuity reduced by 10%
Redetermined Annuites
Redetermined Annuities

**Eligibility:** Upon completion of at least 5 years of actual continuous full-time and/or part-time service equivalent to at least 5 years of full-time service.

- Must be eligible for a voluntary immediate retirement (55-CSRS/MRA-FERS w/ 30; 60 w/ 20)

- Annuitant can choose between redetermined annuity and a supplemental annuity

- OPM will send election letters that define the difference
New Election Opportunities

An Annuitant who elects a Redetermined Annuity will receive new election opportunities for the following benefits:

- Survivor benefits
- Civilian service credit
- Post-56 military deposit
- Waiver of retired military pay
- Federal Employees’ Group Life Insurance
Computation of Redetermined Annuity

- Recomputed using general formula
- Sick leave used in original annuity, PLUS any leave earned during reemployment
- Part-time reemployment rules same as regular computation
- Intermittent service not used toward 5 year eligibility requirement may be credited in annuity computation
Benefits

Regardless of the Date of Hire
Reemployed Annuitant’s
Future Benefits are Based on
Appointment Type (Covered or Not Covered)
Effect On Benefits

- Retirement
- Thrift Savings Plan (TSP)
- Leave
- Health Insurance (FEHB)
- Life Insurance (FEGLI)
- Flexible Spending Accounts (FSA)
- Federal Long Term Care Insurance (FLTCI)
Retirement and Thrift Savings Plan

Retirement:

- Not eligible to earn service credit towards supplemental or redetermined annuity

TSP:

- Not eligible to participate

Reemployed Annuitants hired after November 23, 2003 are not subject to Title 5 U.S.C. Chapters 83 or 84
Leave

➢ Annual Leave

- Review accrual
- Repayment of lump sum

➢ Sick Leave

- CSRS: No recredit
- FERS: 50% recredited until 2014
Health Benefits

Eligibility to continue or enroll in FEHB is dependent on the appointment type:

**Permanent Appointment** – Permits continuation, FEHB is transferred from OPM to agency.

If the annuitant **did not** have FEHB as a retiree:

- May elect FEHB upon reemployment
- **Can not** earn eligibility to continue coverage into retirement upon separation (eligible for TCC)

**Temporary Appointment**- FEHB will remain with OPM
Premium Conversion (PC)

- Reemployed annuitants are eligible for FEHB PC
- FEHB premiums must be withheld from salary to take advantage of FEHB PC
- 60 days to waive PC
Agency/OPM Responsibilities (FEHB)

When an annuitant enrolled in FEHB is reemployed in a position that conveys FEHB eligibility agencies must:

- Email OPM at HBPremiums@opm.gov
- OPM will respond with current FEHB enrollment code and transfer effective date information
- OPM will send notice to annuitant of transfer
Agency/OPM Responsibilities (FEHB)

Upon separation from Federal service agencies must:

- Notify OPM via email at HBPremiums@opm.gov
- Forward all original file copies of FEHB documents to OPM, ROC, PO Box 45, Boyers, PA 16017
- OPM will transfer the FEHB coverage and notify the annuitant
Federal Employees Group Life Insurance (FEGLI)

Temporary Appointment:
Life insurance is administered by OPM; premiums continue to be withheld from the annuity

Permanent Appointment:
Life insurance elections are suspended as an annuitant with OPM. Coverage will be automatic with the agency for Basic, Option A & C

There is a 60 day election opportunity to add coverage if the break in service is at least 180 days. If less, any existing waiver or declination remains the same as annuitant coverage

Note: Any change in coverage will remain after separation
Agency Responsibility
Life Insurance Notification

Notify OPM immediately upon reemployment of an annuitant

OPM Form 1482-
Agency Certification of Status of Reemployed Annuitant - Federal Employees' Group Life Insurance Program
FEGLI Benefits Payable

Death During Reemployment

- **Basic**: Suspended amount (minus post-65 reduction) or amount carried during reemployment; whichever is higher

- **Option A**: Amount carried during reemployment

- **Option B**: Based on election - regardless of which amount is higher

- **Option C**: Benefits payable if retained during reemployment
Agency/OPM Responsibilities (FEGLI)

Upon separation from Federal service the agency must:

- Terminate coverage using SF 2821 and fax to OPM at 724-794-1263
- Provide SF 2819 for employee’s conversion rights
- Forward all original file copies of FEGLI documents to OPM, ROC, PO Box 45, Boyers, PA 16017-0045
- OPM will reinstate the FEGLI coverage (less any post-65 reduction), notify the annuitant and start deducting premiums on the day after separation
Flexible Spending Accounts (FSA)

- Health Care FSA –
  - eligible if position conveys FEHB coverage

- Dependent Care FSA –
  - eligible regardless of appointment (except intermittent working 6 months or less)

  (must have an eligible dependent – child under 13, dependent parent, etc.)

www/fsafeds.com/fsafeds/index.asp
Flexible Spending Accounts (FSA)

Enrollment Period:

- 60 days from date of hire but no later than Oct 1 of Plan Year
- Hired on/after Oct 1 – eligible to enroll during open season for next Benefit Period

(Reemployed within 60 days of retirement but before the end of the same tax calendar year – their previous election is reinstated)
Federal Long Term Care Insurance (FLTCI)

- Eligible to apply at anytime regardless of appointment with **full underwriting** application
- If position conveys FEHB coverage **and** the break in service is at least 180 days the reemployed annuitant may apply with the **abbreviated underwriting** application

[website](http://www.ltcfeds.com)

1-800-LTC-FEDS
Agency Responsibilities
When Hiring Reemployed Annuitants

“Notification of Reemployment of an Annuitant Form” must be submitted to OPM

Include Notification of Personnel Action SF 50 or agency equivalent
Request the Following Information from the Annuitant

- Do you currently receive an annuity?
- What is your claim number? CSA?
- Gross monthly amount of annuity?
- Are you a disability annuitant?
- If yes, were you found recovered/restored?
Model to Request (2)
for Annuitant Information

- Was your retirement involuntary?
- FEHB - enrollment code
- FEGLI - verification of coverage as an annuitant
- VSIP - repayment information
Agency Responsibilities Upon Separation

If annuity continued during reemployment, agency must provide OPM with the following:

- Send SF 2806/3100
- New SF 2801 or SF 3107
- New SF 2800/SF 3104 (if applicable)
- SF 2800 or SF 3104 (If Death In Service occurs)

If annuity was terminated on or during reemployment:

- Process the separation in the same manner as any other separating employee
- Provide annuity estimate upon request (Job Aid #7)
- OPM will send election letter to employee
• **Scenario:** CSRS Offset employee separated on Retirement ILIA effective November 2, 2009. Rehired with the Department of Love on a Reinstatement Career appointment effective January 31, 2011 and erroneously placed in CSRS Offset. Employee received his full annuity and full salary with no offset during the period of reemployment until March 25, 2011 when the error was discovered during an audit.
Reemployed Annuitant Case Scenario #1

Solution: Retirement ILIA is a voluntary retirement in lieu of involuntary separation. The reemployed annuitant should have initially been placed in FICA only, as all reemployed annuitants should be. As a DSR reemployed annuitant they should have been given a 90-day election opportunity. The reemployed annuitant should have continued full annuity and no salary offset until election is received. If election was not received within 90 days, the annuitant would remain in FICA only. (5 CFR 9902(g))

Correct records to FICA as of date of rehire.

The reemployed annuitant should be afforded the DSR election since the error was discovered within the 90-day election period, which ends May 1, 2011. Effective date of election will be prospective.

If the employee elects to remain covered under CSRS Offset, he/she would have a 6-month opportunity to elect FERS.
Reemployed Annuitant Case Scenario #2

• **Scenario:** We have an employee that retired from the Department of Disney World on a DSR - 9/1/2011. She was rehired by DFAS on 9/12/2011. She was never given the election form for DSR to decide to have her salary offset or receive full salary. For 6 years FERS deductions have been withheld, do we now give her an election opportunity since it has been more than 90 days since she returned to federal service, with more than a 3 day break.

• **Findings:** The agency has deducted FERS retirement contributions-- as of 9/12/2011, though the reg. says, the employee will be unable to receive credit for future retirement benefits, we are now going back to the date of her apt. in 2011, and code it as FICA only... until we receive the election notice.
Reemployed Annuitant Case Scenario #2

- **Solution**: 5 USC 9902(g), requires DSR Reemployed Annuitants hired in DoD after 11/25/2003 (not on an intermittent work schedule) be given an election to make retirement contributions.

- DoDI 1400.25 v300 provides guidance that indicates FERS DSR Reemployed Annuitants, regardless of the type of appointment, be given 90 days to make an election to have retirement contributions deducted during period of reemployment. The reemployed annuitant can choose to receive full annuity and salary with no retirement deductions or receive full annuity and salary offset with retirement deductions.

- The DSR reemployed annuitant’s 90 day election opportunity is now lost. Because this annuitant was not given the DSR election and was automatically placed in FERS for a period of more than 3 years this is a FERCCA. FERCCA Rules Apply
References

5 United States Code (U.S.C.)
8334
8468

Title 5 Code of Federal Regulation (C.F.R.)
553
837
846 & 847

CSRS and FERS Handbook for Personnel and Payroll Offices
Chapter 100

Policy & Guidance from OPM & DoD
Reemployed Annuitants

Questions?