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Subchapter 72A FERS

Part 72A1 General Information

Section 72A1.1-1 Overview

A. Introduction

Under CSRS, when employees separate from Federal service and die before electing a refund of their lump-sum credit in the Fund or before fulfilling all the requirements (including filing an application) for a deferred retirement benefit, no survivor annuity is payable to the surviving spouse or children. However, a lump sum payment of the employee's lump-sum credit may be payable. See Chapter 75, Lump Sum Benefits, for additional information.

Upon the death of a former employee under FERS who did not meet the requirements for entitlement to retirement benefits before death, including having filed an application, either the former employee's lump-sum credit or an annuity may be payable to the appropriate survivor. This chapter contains information agencies need to counsel employees and respond to their questions about possible benefits for their survivors if they leave Government service.

B. Topics Covered

1. This subchapter covers:
 - The eligibility requirements for a survivor annuity;
 - The computation of the survivor annuity; and
 - The procedures the survivor must follow to apply for a survivor annuity.
2. This chapter does not cover payment of the lump-sum credit. See Chapter 75, Lump Sum Benefits, for additional information.
3. The following cases are considered annuitants at the time of death (see Chapter 71, Spouse Benefits -- Death of an Annuitant, for further information):
 - An individual who has separated with eligibility for an immediate MRA + 10 benefit but who died before applying.

Section 72A1.1-1 Overview (Cont.)**B. Topics Covered (Cont.)**

- An individual who was eligible for an MRA + 10 benefit, who applied for the benefit, but postponed receipt of the benefit is considered to be an annuitant at the time of death, even though he or she was not receiving monthly benefits.

C. Organization of Subchapter

This subchapter has three parts:

Part	Name of Part	Page
72A1	General Information	1
72A2	Survivor Annuity	5
72A3	Procedures	11

D. Statement of Authority

This subchapter is based on the law cited below.

- United States Code: 5 U.S.C. 8424 and 8442

Section 72A1.1-2 Definitions

- A. Surviving Spouse** A widow or widower is considered a surviving spouse if he or she meets ONE of the following requirements.
1. The surviving spouse and the former employee were married for at least 9 months before the death.
 2. A child was born of the marriage. For this purpose, child includes:
 - A child born posthumously to the deceased former employee and spouse;
 - A child born to the deceased former employee and spouse before they were married; and
 - A child of a prior marriage between the deceased former employee and spouse.
 3. The death of the former employee was accidental. (See 5 CFR 843.303(d) for FERS definition of "accidental" death.)
-
- B. Former Spouse** See Chapter 74, Former Spouse Survivor Benefits, section 74A1.1-2C for the definition of former spouse.
-
- C. Lump-Sum Credit** See Chapter 75, section 75A1.1-2B for the definition of lump-sum credit.
-

Section 72A1.1-3 Benefits Payable

A. General Rule

If the eligibility requirements outlined in section 72A2.1-1 are met, a surviving spouse may elect to receive either --

- a monthly survivor annuity

or

- the unexpended balance (lump sum credit), if the current spouse is the individual who would be entitled to the unexpended balance.

Otherwise, a lump-sum payment of the former employee's lump-sum credit in the Fund is payable to the person(s) eligible in the normal order of precedence. See Chapter 75 for more information.

Part 72A2 Survivor Annuity

Section 72A2.1-1 Eligibility Requirements

A. Eligibility Requirements

If the following requirements are met, the surviving spouse is entitled to a survivor annuity.

1. If the surviving spouse met the definition of spouse;
2. If the surviving spouse was married to the former employee on the date of his/her separation from Federal service;

and

3. The former employee had:
 - At least 5 years of civilian service covered by deductions or deposits and
 - A total of at least 10 years of creditable service (see paragraph B below).
-

B. 10-Year Service Requirement

The 10-year service requirement includes:

- Civilian and military service for which deductions or deposits are in the former employee's retirement account;
- Civilian service for which the survivor makes a deposit; and
- Military service performed before 1957, which does not require a deposit.

NOTE: The surviving spouse of a deceased former employee may not make a deposit for military service.

Section 72A2.1-1 Eligibility Requirements (Cont.)**C. Former Spouse
Court-Ordered
Benefits**

Any survivor annuity payable to a surviving spouse is payable to a former spouse instead, if required by a qualifying court order.

Therefore, if a court awards the total survivor annuity to a former spouse, the surviving spouse will receive nothing. If a former spouse was awarded only a part of the total survivor annuity, the surviving spouse will receive the remainder. In either case, if the former spouse later loses entitlement (because of death or remarriage before age 55), the surviving spouse will begin to receive the full survivor annuity.

NOTE: See Chapter 74 for detailed information and procedures.

Section 72A2.1-2 Duration of Survivor Annuity

A. Beginning Date

The survivor may choose to have the survivor annuity begin on:

1. The day the deceased former employee would have been eligible for an unreduced annuity (i.e., the decedent's 62nd birthday with less than 20 years of service, or the decedent's 60th birthday with 20 or more years of service, or the decedent's birthday when he or she would have reached the Minimum Retirement Age with 30 years of service);

OR

2. The day after the date of death of the former employee.

EXCEPTION: The exception is the case of a surviving spouse whose entitlement to a survivor annuity depends on the birth of a posthumous child. In this case, the earliest date that benefits can begin is on the day after the child is born.

B. Ending Date

A survivor annuity to a widow or widower ends on the last day of the month preceding the month in which he or she:

1. Dies; or
 2. Remarries prior to age 55. > For remarriages occurring after January 1, 1995, if the widow or widower remarries before age 55, and was married at least **30 years** to the individual on whose service the survivor annuity is based, the survivor annuity will not be terminated. <
-

C. Restoration of Survivor Annuity

An annuity that ended because of remarriage before age 55 may be restored if the:

1. Remarriage of the widow or widower ends by death, divorce or annulment;
2. The widow or widower elects to receive this annuity instead of another survivor benefit to which he or she may be entitled (under FERS or another retirement system for Government employees) due to the remarriage; and

Section 72A2.1-2 Duration of Survivor Annuity (Cont.)

- C. Restoration of Survivor Annuity (Cont.)**
3. The widow or widower pays back any lump-sum benefit paid when the annuity ended.
- EXCEPTION:** An annuity paid to a former spouse that ended because of remarriage cannot be reinstated.
-

Section 72A2.1-3 Computation of Survivor Annuity

- A. Amount of Survivor Annuity** The survivor annuity is equal to 50 percent of the deceased former employee's basic annuity, if the survivor elects to begin receiving the annuity on the date the deceased former employee would have met the age and service requirements for an unreduced annuity. The amount of the survivor annuity is reduced if the survivor elects to receive the annuity beginning the day after death.
-
- B. Unreduced Computation Formula**
1. Compute the deceased former employee's annual basic annuity (unreduced for survivor benefits) as if he or she had become entitled to receive an unreduced deferred annuity.
 2. Multiply the former employee's basic annuity by 50 percent to obtain the unreduced annual survivor benefit.
 3. Divide the unreduced annual survivor benefit by 12 and round to the next lower dollar to obtain the unreduced monthly survivor benefit payable to the survivor when the former employee would have reached the age for deferred retirement benefits.
-
- C. Reduced Computation Formula**
- If the survivor elects to have the survivor annuity begin on the day after the former employee's death, the survivor annuity is actuarially reduced as follows.
1. Compute the deceased former employee's annual basic annuity (unreduced for survivor benefits) as if he or she had become entitled to receive an unreduced deferred annuity.
 2. Multiply the former employee's basic annuity by 50 percent to obtain the unreduced annual survivor benefit.
 3. Multiply the appropriate Present Value Conversion Factor (see subchapter 72B for present value conversion factors) by the unreduced annual survivor benefit.

Section 72A2.1-3 Computation of Survivor Annuity (Cont.)**C. Reduced
Computation
Formula
(Cont.)**

4. Divide the reduced survivor benefit by 12 and round to the next lower dollar to obtain the monthly reduced survivor benefit.

NOTE: Subchapter 72B contains a Deceased Former Employee Survivor Annuity Worksheet for computing the survivor benefit for both possible commencing dates, and examples of survivor annuity computations.

**D. Cost-of-Living
Adjustments**

Cost-of-living adjustments (COLA's) are made only if the survivor annuity is being paid. Therefore, although a survivor annuity commencing at the earlier date is at a lower rate, it increases with COLA's. However, there are no COLA's applied to the annuity commencing at the later date until after it actually commences.

Part 72A3 Procedures

Section 72A3.1-1 Procedures

- A. Survivor Responsibility** Survivors should be advised to report the death to OPM and request an application for death benefits. The survivor should correspond directly with OPM at this address.

Office of Personnel Management
Retirement Operations Center
Boyers, PA 16017

- B. OPM Responsibility** OPM determines what benefits are payable and, depending upon the type of benefit and the circumstances in a particular case, may request the applicant to submit additional evidence.
-

Subchapter 72B Forms, Job Aids and Examples**Part 72B1 Forms****Section 72B1.1-1 Forms for Local Reproduction**

- A. FERS Deceased Former Employee Survivor Worksheet** The "Deceased FERS Former Employee Survivor Annuity Worksheet" located on the following page is to be locally reproduced.
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FERS

DECEASED FORMER EMPLOYEE

SURVIVOR ANNUITY WORKSHEET

A. COMPUTE UNREDUCED SURVIVOR ANNUITY

1. Unreduced Annual Basic Annuity	\$
2. Multiply by 50%	X .50
3. Unreduced Annual Survivor Annuity	\$
4. UNREDUCED MONTHLY SURVIVOR ANNUITY (Divide by 12 and round down)	\$

B. COMPUTE REDUCED SURVIVOR ANNUITY

1. Unreduced Annual Survivor Annuity (From A3 above)	\$
1. Multiply by the Present Value Conversion Factor	X
3. Annual Survivor Annuity Reduced for Early Commencing Date	\$
4. REDUCED MONTHLY SURVIVOR ANNUITY (Divide by 12 and round down)	\$

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Part 72B2 Job Aids**Section 72B2.1-1 Present Value Conversion Factors**

NOTE: These factors change periodically. Refer to Appendix A of 5 CFR 843, subpart C for the current present value conversion factors.

CHART 1

With at Least 10, but Less Than 20, Years of Creditable Service

<u>Former Employee's Age at Death</u>	<u>Multiplier</u>	<u>Former Employee's Age at Death</u>	<u>Multiplier</u>
26	.0280	46	.1920
27	.0309	47	.2121
28	.0340	48	.2346
29	.0375	49	.2597
30	.0413	50	.2878
31	.0454	51	.3193
32	.0500	52	.3544
33	.0550	53	.3934
34	.0605	54	.4365
35	.0665	55	.4842
36	.0731	56	.5367
37	.0804	57	.5948
38	.0884	58	.6591
39	.0973	59	.7305
40	.1071	60	.8103
41	.1179	61	.8996
42	.1298		
43	.1430		
44	.1577		
45	.1739		

Section 72B2.1-1 Present Value Conversion Factors (Cont.)

CHART 2

With at Least 20, but Less Than 30, Years of Creditable Service

<u>Former Employee's Age at Death</u>	<u>Multiplier</u>	<u>Former Employee's Age at Death</u>	<u>Multiplier</u>
36	.0901	51	.3936
37	.0991	52	.4369
38	.1090	53	.4851
39	.1199	54	.5383
40	.1319	55	.5971
41	.1452	56	.6620
42	.1600	57	.7337
43	.1762	58	.8131
44	.1943	59	.9015
45	.2144		
46	.2367		
47	.2615		
48	.2892		
49	.3202		
50	.3548		

Section 72B2.1-1 Present Value Conversion Factors (Cont.)**CHART 3**

With at Least 30 Years of Creditable Service

Former Employee's Age at Death	<u>Multiplier by Separated Employee's Year of Birth</u>		
	<u>After 1964</u>	<u>From 1949 to 1964</u>	<u>Before 1949</u>
46	.3224	.3573	.3962
47	.3562	.3948	.4378
48	.3940	.4367	.4842
49	.4362	.4835	.5361
50	.4835	.5359	.5942
51	.5363	.5945	.6592
52	.5954	.6599	.7317
53	.6610	.7327	.8124
54	.7336	.8132	.9017
55	.8139	.9021	--
56	.9023	--	--

Part 72B3 Examples

Section 72B3.1-1 Example 1

Example 1: FERS former employee death at age 60 with 15 years creditable service

Jack, born May 20, 1936, separated from Federal service in 1988 while covered under FERS at age 52 with 15 years of creditable service. He dies in 1996 at age 60 with a high-3 average salary of \$32,000. His annual basic annuity before reduction for survivor annuity would have been \$4,800. His surviving spouse may elect to receive:

- A lump sum payment of Jack's lump-sum credit in the Fund;
- or**
- An unreduced survivor annuity beginning on the date Jack would have reached age 62;
- or**
- A reduced survivor annuity beginning the day after death.

The unreduced survivor annuity is calculated as follows.

- A. Using the FERS Deceased Former Employee Survivor Annuity Worksheet (Part A) located in section 72B1.1-1, compute the unreduced survivor annuity.
 1. Enter the former employee's annual basic annuity before reduction for survivor annuity (\$4,800).
 2. Multiply the amount in A1 (\$4,800) by 50 percent to obtain the unreduced annual survivor annuity (\$2,400).
 3. Divide the unreduced annual survivor annuity by 12 and round to the next lower dollar to obtain the unreduced monthly survivor annuity (\$200).
- B. The reduced survivor annuity is calculated as follows, using Part B of the same worksheet.
 1. Enter the unreduced annual survivor annuity from line A3 on the worksheet (\$2,400).

Example 1, Continued

2. Enter the Present Value Conversion Factor (.8103) obtained by using the Present Value Conversion Factor--Chart 1 (With at Least 10, but Less Than 20, Years of Creditable Service) located in section 72B2.1-1.
 3. Multiply the Present Value Conversion Factor (.8103) by the unreduced annual survivor annuity (\$2,400) to obtain the annual survivor annuity reduced for early commencing date (\$1,944.72).
 4. Divide the reduced annual survivor annuity (\$1,944.72) by 12 and round to the next lower dollar to obtain the reduced monthly survivor annuity (\$162).
-

FERS

DECEASED FORMER EMPLOYEE

SURVIVOR ANNUITY WORKSHEET

A. COMPUTE UNREDUCED SURVIVOR ANNUITY

1. Unreduced Annual Basic Annuity	\$ 4,800
2. Multiply by 50%	X .50
3. Unreduced Annual Survivor Annuity	\$ 2,400
4. UNREDUCED MONTHLY SURVIVOR ANNUITY (Divide by 12 and round down)	\$ 200

B. COMPUTE REDUCED SURVIVOR ANNUITY

1. Unreduced Annual Survivor Annuity (from A3 above)	\$ 2,400
1. Multiply by the Present Value Conversion Factor	X .8103
3. Annual Survivor Annuity Reduced for Early Commencing Date	\$1,944.72
4. REDUCED MONTHLY SURVIVOR ANNUITY (Divide by 12 and round down)	\$ 162

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Section 72B3.1-2 Example 2

Example 2: FERS former employee death at age 54 with 30 years of creditable service

Janet, born February 1, 1941, separated from Federal service in 1993 while covered under FERS at age 52 with 30 years of creditable service. She dies in 1995 at age 54 with a high-3 average salary of \$35,000. Her annual basic annuity before reduction for survivor annuity would have been \$10,500. Her surviving spouse may elect to receive:

- A lump sum payment of Janet's lump-sum credit in the Fund;
- or**
- An unreduced survivor annuity beginning on the date Janet would have reached age 55;
- or**
- A reduced survivor annuity beginning the day after death.

The unreduced survivor annuity is calculated as follows.

- A. Using the FERS Deceased Former Employee Survivor Annuity Worksheet (Part A) located in section 72B1.1-1, compute the unreduced survivor annuity.
 1. Enter the former employee's annual basic annuity before reduction for survivor annuity (\$10,500).
 2. Multiply the amount in A1 (\$10,500) by 50 percent to obtain the unreduced annual survivor annuity (\$5,250).
 3. Divide the unreduced annual survivor annuity by 12 and round to the next lower dollar to obtain the unreduced monthly survivor annuity (\$437).

Example 2, Continued

- B. The reduced survivor annuity is calculated as follows, using Part B of the same worksheet.
1. Enter the unreduced annual survivor annuity from line A3 on the worksheet (\$5,250).
 2. Enter the Present Value Conversion Factor (.9017) obtained by using the Present Value Conversion Factor--Chart 3 (With at Least 30 Years of Creditable Service) located in section 72B2.1-1.
 3. Multiply the Present Value Conversion Factor (.9017) by the unreduced annual survivor annuity (\$5,250) to obtain the annual survivor annuity reduced for early commencing date (\$4,733.93).
 4. Divide the reduced annual survivor annuity (\$4,733.93) by 12 to obtain the reduced monthly survivor annuity (\$394).
-

FERS

DECEASED FORMER EMPLOYEE

SURVIVOR ANNUITY WORKSHEET

A. COMPUTE UNREDUCED SURVIVOR ANNUITY

1. Unreduced Annual Basic Annuity	\$ 10,500
2. Multiply by 50%	X .50
3. Unreduced Annual Survivor Annuity	\$ 5,250
4. UNREDUCED MONTHLY SURVIVOR ANNUITY (Divide by 12 and round down)	\$ 437

B. COMPUTE REDUCED SURVIVOR ANNUITY

1. Unreduced Annual Survivor Annuity (From A3 above)	\$ 5,250
1. Multiply by the Present Value Conversion Factor	X .9017
3. Annual Survivor Annuity Reduced for Early Commencing Date	\$ 4,733.93
4. REDUCED MONTHLY SURVIVOR ANNUITY (Divide by 12 and round down)	\$ 394

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