

V. ERRONEOUS FERS COVERAGE EMPLOYEE BELONGS IN CSRS: ELECTION BETWEEN FERS AND CSRS

This section is divided into subsections. The titles to the subsections are also the names of the items that are necessary to include in a decision package. This is both a check list for the agency for what to put in the decision package as well as a table of contents for this document.

Have you included this document in the decision package?	Document needed for decision package
	A. Cover Letter
	B. Annuity Estimates and TSP Estimates
	C. Comparison Sheets
	D. FERCCA Fact Sheets
	E. FERCCA Election Form
	F. Preparing for Your Counseling Session

The last subsection is not something you include in the decision package. Section G is for your use. It is a Fact Sheet for you to use to counsel the employee about their FERCCA decision.

Do not include this document in the decision package	G. FERCCA Counseling Fact Sheets for Agency Human Resource Specialists
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A. Cover Letter

What is the Cover Letter?

The cover letter is the first document in the decision package. You will include a cover letter in every decision package regardless of the error type. However, the sample cover letter that follows is just that, a sample. You can change this letter to suit your employee's and your agency's needs. The only paragraph required is the last paragraph that provides the default information for FERCCA elections.

You should find this letter meets your needs except in the employee contact information section. Your agency may have procedures for contacting employees. If that is the case you'll want to follow your agency's procedures.

How do I complete the Cover Letter?

As you read through the sample cover letter you will see more information is needed in order for it to be complete. The numbering on the left is there to make it easier to understand the instructions in this section.

Section 1: This section is self explanatory. One item to note is the date. When you read the last paragraph of the cover letter you will see that the employee's right to a waiver of the six month time limit to make their FERCCA election is based on the date of the cover letter.

Section 2: You will find a sentence that says "Within the next 15 business days your agency retirement counselor will contact you..." You can adjust that number to any number that is appropriate for your employee and your agency. You will also need to provide the name of the agency retirement counselor if it is different from the person who signs the letter. If the person signing the letter is the retirement counselor just change this sentence to read "I will contact you..."

Section 3: Enter the work phone and email you have for the employee. If you do not have this information simply delete this section and ask the employee to provide the agency with their preferred method of contact in the next paragraph in the cover letter. Provide the contact information of the agency retirement counselor who will be assisting the employee in this section.

Section 4: You must provide your agency's name and your agency's address. The address is very important because this is how the employee will provide you with copies of their signed FERCCA election form. Also, if they need to submit a waiver of the six month time limit to make a FERCCA decision they will do it using this address. You may want to provide the employee with your email and fax number as well, in case the employee wants an additional way to send his election back to you.

Section 5: Include the employee's name on the second page either at the top of the page, at the end, or in both places. Do not forget to include the appropriate enclosures, FERCCA Annuity Estimates, FERCCA Comparison Sheets, FERCCA Fact Sheet, FERCCA Election Form, and Preparing for Your Counseling Session.

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##Insert agency letterhead##
##Date##

1

##name##
##address##

Dear **##name##**:

Previously, we notified you that a review of your official personnel records showed a retirement coverage error. We found you were erroneously placed in the Federal Employees Retirement System (FERS) when you should have been placed in the Civil Service Retirement System (CSRS). As a result of this error, you are being given an opportunity to choose between CSRS or FERS retirement plans as provided for in the Federal Erroneous Retirement Coverage Correction Act (FERCCA) legislation and Office of Personnel Management (OPM) regulations.

2 The material in the enclosed election summary package is designed to help you make an informed choice about which option to elect. For example, the package includes a comparison of your retirement benefits calculated under each option as well as a comparison of your Thrift Savings Plan (TSP) benefits under the two options. Also included are the assumptions we used in preparing these estimates.

We ask that you review the material in this package carefully before making a decision. Within the next 15 business days, **##your agency retirement counselor##** will contact you by telephone to confirm that you have received and reviewed the package and answer any questions you may have about your election options. The counselor is prepared to assist you in making a decision but will not advise you on which option to choose.

3 The contact information we have on file for you is:

Work Phone: **## Work Phone##**

Work email: **## Work email##**

If our information is not current, a counselor will not be able to contact you to assist you in this process. Please forward your correct contact information to **##email and**

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phone number of counselor who will provide assistance##.

- 4** Your election is irrevocable once it is received by *##your agency name##*. Once you have received sufficient information to make an informed decision, please complete the applicable forms and return them as soon as possible to:

##your agency's mailing address goes here and/or email and/or fax##

You will have six months from the date of this letter to elect your coverage option. If you fail to make an election before the time limit has expired, your default retirement coverage will be FERS. We can waive the time limit for making an election if you request such a waiver in writing. We would have to determine that you exercised due diligence, but could not make an election within the time limit because of circumstances beyond your control. These circumstances need to be well documented. In six months if you need to request a waiver please submit it in writing with any supporting documentation to the address provided above.

Sincerely,

5

##Your name and contact information##

Name: *##Employee's name##*

Enclosures:

Retirement System Annuity Estimates
Retirement System Comparison Sheets
FERCCA Fact Sheet
FERCCA Election Form
Preparing for Your Counseling Session

B. Annuity Estimates and Thrift Savings Plan Estimates

Annuity Estimates

Prepare the annuity estimates as you normally would. It is important to include a service history in the estimate for the employee so that they can understand where the FERCCA error occurred. If the person has deposits and/or redeposits that fall under the FERCCA actuarial reduction rules then you will need to follow the instructions in Section C Comparison Sheets. FERCCA actuarial reduction calculations may already be included in your estimates if your calculator provides them. Provide the employee with the completed comparison sheets or you can provide the actual estimates to the employee if you chose to or if they request it.

Thrift Savings Plan Estimates

The TSP estimates for CSRS will need to reflect the employees balance if the agency contributions both automatic and matching and their earnings were removed from the account. The FERS TSP balance remains the same as the employee's current TSP balance.

C. Retirement System Comparison Sheets

What are the Retirement System Comparisons Sheets?

The Retirement System Comparison Sheets have been designed so the employee can compare at a glance the pertinent parts of their annuity estimates rather than have them decipher the annuity estimates for themselves. If you do two annuity estimates for an error type, one showing deposits and redeposit paid, and one without the deposits and redeposits paid the employee would have a lot of annuity estimates to try and understand. Employees may have difficulty figuring out their annuity estimates since these are documents they do not normally have to interpret. This is why the Retirement System Comparison Sheets have been designed. You can use these sheets as part of the decision package and then attach the annuity estimates so the employee can look at them if they need to.

How do I complete the Retirement System Comparison Sheets?

Use the annuity estimates you prepared and the instructions provided in this section to prepare the Retirement System Comparison Sheets.

On the following pages are two Retirement System Comparison Sheets; one sheet compares the employee's annuity amounts with deposits and/or redeposits not paid; the other compares the employee's annuity amounts with the deposits and/or redeposits paid.

The chart below provides instructions on how to complete the comparison sheet with deposits and/or redeposits not paid:

	If employee elects CSRS	If employee elects FERS
Annuity Commencing Date	Use the first date the employee is eligible for a retirement benefit.	Use the first date the employee is eligible for a retirement benefit
Age at retirement	Use the age that the employee is first eligible for a benefit.	Use the age that the employee is first eligible for a benefit.
Annuity at Retirement with FERCCA Actuarial Reduction for unpaid deposits and/or redeposits	Use the gross monthly annuity amount from the annuity estimate.	Use the gross monthly annuity amount from the annuity estimate.
Eligibility for Actuarial reduction	Employee will be subject to actuarial reduction for any deposits or redeposits. For more information concerning when to	Not eligible for Actuarial reduction unless the employee has a CSRS component. Put "N/A" in this section of the

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<p>How the annuity is reduced for the actuarial reduction</p>	<p>apply the actuarial reduction see CFR 839.1113 - 839.1119</p> <p>Gross monthly annuity amount with no reductions for deposits or redeposits - Actuarial reduction amount = Annuity at retirement with FERCCA actuarial reduction for unpaid deposits or redeposits</p>	<p>Comparison sheet if the employee is straight FERS.</p> <p>If the employee has a CSRS component then follow the instructions for the actuarial reduction in the CSRS column of this comparison sheet.</p>
<p>Actuarial Reduction Amount</p>	<p>The calculator you use to provide annuity estimates may automatically reduce for the FERCCA actuarial reduction. If it does not, use the following formula:</p> <p>Deposit or redeposit amount with interest / (divide by) present value factor for retirees age at retirement = actuarial reduction amount (rounded up to the nearest dollar amount)</p> <p>Note: Present Value Factors can be obtained in Appendix A.</p>	<p>Follow the instructions in the CSRS column if the employee has a CSRS component.</p>
<p>Survivor Benefits</p>	<p>Use figures from annuity estimates</p>	<p>Use figures from annuity estimates</p>
<p>Annuity Supplement</p>	<p>N/A</p>	<p>Use figures from annuity estimate</p>
<p>TSP</p>	<p>If employee elects CSRS the agency automatic and matching contributions need to be removed from the employee's account.</p>	<p>If the employee elects FERS the employee's current TSP balance will not change.</p>
<p>Benefits at age 62</p>		
<p>Projected annuity at Age 62</p>	<p>Project the annuity to age 62 and use that gross monthly annuity amount from the annuity estimate.</p>	<p>Project the annuity to age 62 and use that gross monthly annuity amount from the annuity estimate.</p>

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Annuity Supplement	N/A	Annuity supplement stops at age 62.
SSA benefit at age 62	Make sure the figures from annuity estimate reflect the Windfall Elimination Provision if it applies. The employee's SSA statement will not reflect the Windfall Elimination Provision. See Section G "FERCCA counseling Fact sheet for Human Resource Specialists" for more information on Social Security.	Make sure the figures from annuity estimate reflect the Windfall Elimination Provision if it applies. The employee's SSA statement will not reflect the Windfall Elimination Provision. See Section G "FERCCA counseling Fact sheet for Human Resource Specialists" for more information on Social Security.

Retirement System Comparison Sheets with Deposits and/or Redebits paid

The comparison sheet with deposits and/or redebits paid is very similar to the comparison sheet deposits and/or redebits not paid except there is no actuarial reduction section and you will now put the total deposit and/or redbait owed. You can break up the deposits and/or redebits to show pre and post 10-1-1982 deposits or pre and post 3-1-1991 redebits if you would like.

Retirement System Comparison Sheet
In FERS belongs in CSRS
Choice between CSRS and FERS
Deposits and/or Redeposits Not Paid

[Name]

Current Benefits without deposits and/or redeposits paid:

	If I Elect CSRS	If I Elect FERS
Annuity Commencing Date	Month xx, xxxx	Month xx, xxxx
Age at Retirement	xx	xx
Annuity at Retirement with FERCCA Actuarial Reduction for unpaid deposits and/or redeposits	\$x,xxx.00/month	\$x,xxx.00/month
Actuarial Reduction amount	\$xxx.00/month or N/A	\$xxx.00/month or N/A
Survivor Benefit	\$xxx.00/month or N/A	\$xxx.00/month or N/A
Annuity Supplement	N/A	\$x,xxx.00/month or N/A
TSP	(## <i>Provide TSP Balance with agency contributions removed</i> ##)	(## <i>Provide Current TSP Balance</i> ##)

Benefits at Age 62:

	If I Elect CSRS	If I Elect FERS
Annuity Supplement	N/A	N/A
SSA Benefit	\$x,xxx.00/month or N/A	\$x,xxx.00/month or N/A

Retirement System Comparison Sheet
In FERS belongs in CSRS
Choice between CSRS and FERS
Deposits and/or Redeposits Paid

[Name]

Current Benefits with deposits and/or redeposits paid:

	If I Elect CSRS	If I Elect FERS
Annuity Commencing Date	Month xx, xxxx	Month xx, xxxx
Deposit and/or Redeposit amounts		
Age at Retirement	xx	xx
Annuity at Retirement	\$x,xxx.00/month	\$x,xxx.00/month
Survivor Benefit	\$xxx.00/month or N/A	\$xxx.00/month or N/A
Annuity Supplement	N/A	\$x,xxx.00/month or N/A
TSP	(##Provide TSP Balance with agency contributions removed##)	(##Provide Current TSP Balance##)

Benefits at Age 62:

	If I Elect CSRS Offset	If I Elect FERS
Annuity Supplement	N/A	N/A
SSA Benefit	\$x,xxx.00/month or N/A	\$x,xxx.00/month or N/A

D. FERCCA Fact Sheets

The following fact sheet you should provide to the employee as part of their decision package. It compares the major points of consideration for someone who is making a decision between CSRS and FERS.

FERCCA FACT SHEET

	CSRS	FERS																																				
Annuity Benefits	<p>The formula for basic benefit for a regular voluntary retirement under CSRS is.</p> <p>1.5% of the high 3 average pay multiplied by service up to 5 years; plus,</p> <p>1.75% percent of high-3 average pay multiplied by the number of years of service between 5 and 10 years; plus,</p> <p>2 percent of the high-3 average pay multiplied by all remaining service over 10 years</p> <p>The Minimum Retirement Age (MRA) under CSRS for a regular voluntary retirement is 55.</p> <p>Your CSRS annuity and your Social Security payments are generally adjusted by cost of living increases.</p>	<p>FERS provides a basic retirement benefit and a Social Security benefit, disability and survivor benefits. The basic benefit for a regular voluntary retirement is 1% of the high-three average salary times the total years of creditable Federal service. Depending on the type of retirement you are eligible for you may receive an annuity supplement until you reach age 62. The supplement approximates the Social Security benefits you earned while working for the Government.</p> <p>The FERS Minimum Retirement Age (MRA) is based on your age.</p> <table border="1"> <thead> <tr> <th>If you were born:</th> <th>Your MRA is:</th> </tr> </thead> <tbody> <tr> <td>Before 1948</td> <td>55</td> </tr> <tr> <td>1948</td> <td>55 and 2 months</td> </tr> <tr> <td>1949</td> <td>55 and 4 months</td> </tr> <tr> <td>1950</td> <td>55 and 6 months</td> </tr> <tr> <td>1951</td> <td>55 and 8 months</td> </tr> <tr> <td>1952</td> <td>55 and 10 months</td> </tr> <tr> <td>1953 to 1964</td> <td>56</td> </tr> <tr> <td>1965</td> <td>56 and 2 months</td> </tr> <tr> <td>1966</td> <td>56 and 4 months</td> </tr> <tr> <td>1967</td> <td>56 and 6 months</td> </tr> <tr> <td>1968</td> <td>56 and 8 months</td> </tr> <tr> <td>1969</td> <td>56 and 10 months</td> </tr> <tr> <td>1970 and after</td> <td>57</td> </tr> </tbody> </table> <p>Annuities are adjusted by a cost of living adjustment (COLA) annually, based on the Consumer Price Index usually at age 62.</p> <table border="1"> <thead> <tr> <th>Increase in CPI</th> <th>Annual COLA Percentage</th> </tr> </thead> <tbody> <tr> <td>Up to 2%</td> <td>Same as CPI increase</td> </tr> <tr> <td>2%to 3%</td> <td>2%</td> </tr> <tr> <td>3% or more</td> <td>CPI increase minus 1%</td> </tr> </tbody> </table>	If you were born:	Your MRA is:	Before 1948	55	1948	55 and 2 months	1949	55 and 4 months	1950	55 and 6 months	1951	55 and 8 months	1952	55 and 10 months	1953 to 1964	56	1965	56 and 2 months	1966	56 and 4 months	1967	56 and 6 months	1968	56 and 8 months	1969	56 and 10 months	1970 and after	57	Increase in CPI	Annual COLA Percentage	Up to 2%	Same as CPI increase	2%to 3%	2%	3% or more	CPI increase minus 1%
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Election Between FERS and CSRS

	CSRS	FERS
Survivor Elections	Under CSRS you can elect a spousal benefit up to 55% of the amount of your annuity before the survivor reduction is applied. You can also elect any percentage or dollar amount lower than 55%. Of course any legal court order from a former spouse will be honored by OPM.	Under FERS you can elect a spousal benefit of either 50% or 25% of the amount of your annuity before the survivor reduction is applied. No other amounts can be elected. Of course any legal court order from a former spouse will be honored by OPM.
Thrift Savings Plan (TSP)	If you elect to switch to CSRS, only your contributions and earnings remain in your TSP account. All Government contributions (Agency Automatic 1% and matching contributions), and their earnings, will be removed from your TSP account.	If you elect to retain FERS coverage, your opportunity to participate in the TSP will not change.
Social Security	If you elect CSRS coverage you will not be covered by Social Security.	You will have Social Security coverage regardless of your election and the normal rules concerning the Windfall Elimination provision may apply to your Social Security benefit.
Credit for civilian or military deposit service	FERCCA offers a variety of options for crediting service for which a deposit or redeposit has been paid, partially paid or remains unpaid. Options for individual cases depend on a number of factors. Your comparison computations will include your options and your Human Resource office is prepared to discuss these with you.	

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E. FERCCA Election Form

The FERCCA election form should be part of every FERCCA decision package. No other election form should be used for FERCCA elections. All FERCCA elections can be made using form R I10-125.

Please fill in the “Retirement Plan Name” that the employee can choose from in section 5 of RI 10-125.

F. Preparing for your Counseling Session (for employees)

On the following page is an information sheet that can be included in the decision package for the employee so the employee can prepare for their FERCCA counseling session. This information sheet was created to assist the employee in thinking about what to ask their Human Resource Specialist during their initial FERCCA counseling session. The counseling session is explained in the FERCCA cover letter.

Preparing for Your Counseling Session

For employee in FERS who should be CSRS

Before the counselor calls, we ask that you carefully read all the material in the package and check to ensure all of the information is correct.

- Review your name, address, social security number, etc. for accuracy.
- Review the service history in your annuity estimate for accuracy.
- Review the information about any civilian or military deposits.
- If any data is incorrect, please inform your human resource specialist

Consider the following to prepare for your FERCCA counseling session:

- 1. Do I plan to retire from the Federal Government?** FERS allows for more flexibility for those who move in and out of Federal service. However, if you plan to stay with the Federal Government for your entire career, CSRS will most likely provide you with a larger annuity benefit.
- 2. When do I plan to retire?** Both retirement systems have different types of retirements, some early retirements have an annuity reduction.
- 3. How much can I contribute to the Thrift Savings Plan (TSP)?** Your ability to contribute to TSP is a major factor in deciding which retirement plan is best for you. FERS has agency contributions and CSRS does not.
- 4. If I have not already made deposits, do I plan to make deposits for military and/or civilian temporary service?** Payment of deposits and redeposits may determine if that service can be used in your annuity calculation or whether your annuity computation is reduced to account for the non-payment.
- 5. Am I aware of the benefits for my spouse and/or survivors?** Do you expect to receive Social Security based on your spouse's earnings? If so you may be impacted by the Government Pension Offset.

G. FERCCA Counseling Fact Sheets for agency Human Resource Specialists

Counseling someone on a FERCCA decision is very similar to ordinary retirement counseling. There are three areas where FERCCA counseling is very different from the type of retirement counseling you normally do. The areas where there are differences are:

1. FERCCA actuarial reduction on military and civilian deposits and civilian redeposits
2. TSP considerations
3. Making the election or understanding the default election

Otherwise you are comparing the two systems the employee is making a decision between. You need to emphasize the difference between the systems such as the age requirements for retirement, how cost of living adjustments are different between the two systems and other major differences.

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Election Between FERS and CSRS

	CSRS Counseling Points
Annuity	Review the comparison sheet or annuity estimates with the employee
Age and service requirements	The employee needs to understand the retirement age for a voluntary retirement is different under CSRS than FERS. If the employee is interested in a different type of retirement make sure they understand the eligibility requirements for that retirement i.e. disability, law enforcement etc. Eligibility requirements are explained in Chapters 40 through 46 of the CSRS and FERS Handbook for Personnel and Payroll Offices.
Unused Sick Leave Credit	Make sure the employee knows that unused sick leave can be credited under CSRS. Unused sick leave is explained in Chapter 20 of the CSRS and FERS Handbook for Personnel and Payroll Offices.
COLAs	The employee needs to understand they will receive a full COLA as soon as they retire under CSRS. COLA's are explained in Chapter 2 of the CSRS and FERS Handbook for Personnel and Payroll Offices.
Survivor Benefits	The employee will want to know they can elect a maximum of 55% or any other percentage or dollar amount below 55%. Survivor elections are covered in Chapter 2 of the CSRS and FERS Handbook for Personnel and Payroll Offices.
Military Deposit	<p>In some cases FERCCA allows for an actuarial reduction on the gross annuity instead of the employee paying a post 1956 military deposit.</p> <p>The actuarial reduction is limited to deposits for service that was once under FERS rules and now falls under CSRS rules, when the employee elects CSRS.</p>
Deposits and Redeposits	<p>Many redeposits can be subject to actuarial reduction under the normal CSRS redeposit rules that are explained in Chapter 21 of the CSRS and FERS Handbook for Personnel and Payroll Offices. The FERCCA actuarial reduction is calculated in the same way that a CSRS redeposit actuarial reduction is calculated.</p> <p>In this case FERCCA allows for an actuarial reduction on the gross annuity instead of the employee paying a civilian deposit or redeposit.</p>

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Thrift Savings Plan (TSP)	If the employee is in FERS and elects CSRS, all of the agency contributions, both automatic and matching, as well as the earnings on those contributions will be removed from the employee account.
Social Security Administration (SSA)	<p>If the employee chooses CSRS their Social Security benefits may still be impacted by the WEP, but years of substantial earnings under Social Security reduce the impact of the WEP. If they have at least 30 years of substantial social security earnings the WEP is eliminated. The longer the employee is covered by Social Security as an employee the smaller the reduction from the WEP. The Social Security Administration has a factsheet on the WEP available on their website in their publications section at www.SSA.gov. The publication is called “Windfall Elimination Provision” and the publication number is 05-10045.</p> <p>The Government Pension Offset (GPO) is a Social Security reduction that can affect recipients of Social Security widow or widowers benefits. For more information about the GPO see the Social Security publication “Government Pension Offset”. The publication number is 05-10007, which is available on the Social Security website, www.SSA.gov.</p>
Election	All employees who are in FERS and should be in CSRS must make a choice between CSRS and FERS. They must make this choice using the FERCCA election form RI10-125. Other election forms, such as a FERS election form should not be used.
Default	If the employee does not make a FERCCA election within 6 months of your providing them with the FERCCA election package then the employee must be placed in their FERRCA default election which is FERS.
Correction Process	BAL 05-103 “Retirement Coverage Error Correction: Correction of Errors that Provide an Election” discusses what actions the agencies must make to correct an error. You will need to use this BAL to answer any questions the employee may have on how his error will be corrected. The correction process should not impact the employee’s decision to make a retirement coverage choice. None of the corrections will negatively impact the employee.

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	FERS Counseling points
Annuity	<p>Review the comparison sheet or annuity estimates with the employee</p> <p>Be sure to include information on the FERS annuity supplement. Make sure the employee understands when the supplement will start. The start date depends on which type of retirement they chose early optional, regular optional etc. There is no FERS annuity supplement for disability or Minimum Retirement Age (MRA) +10 retirements. All FERS annuity supplements stop when the employee turns age 62 regardless of whether the employee chooses to receive Social Security at 62 or not. The FERS annuity supplement is subject to an earnings test. There is more information on the FERS annuity supplement in Chapter 51 of the CSRS and FERS Handbook for Personnel and Payroll Offices.</p>
Age and service requirements	<p>The employee needs to understand the retirement age for a voluntary retirement is different under FERS than CSRS. If the employee is interested in a different type of retirement make sure they understand the eligibility requirements for that retirement i.e. disability, law enforcement, etc. The other major difference between FERS and CSRS is the MRA +10 retirements. This type of retirement is not available under CSRS.</p> <p>Eligibility requirements are explained in Chapters 40 through 46 of the CSRS and FERS Handbook for Personnel and Payroll Offices.</p>
Unused Sick Leave Credit	<p>Make sure the employee knows that 50% of the unused sick leave balance can be credited under FERS effective 10-28-09 and 100% of the sick leave will be credited in the computation effective 1-1-14. Unused sick leave is explained in Chapter 20 of the CSRS and FERS Handbook for Personnel and Payroll Offices.</p>
COLAs	<p>The employee needs to understand that they will not receive a full COLA under FERS and in most cases the COLA will not start until the employee turns 62. COLA's are explained in Chapter 2 of the CSRS and FERS Handbook for Personnel and Payroll Offices.</p>
Survivor Benefits	<p>The employee will want to know that they can only elect no survivor election, or, survivor benefit equal to 25% or 50% of their</p>

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	<p>self only rate. No other survivor election options are available to the employee: they can not choose a dollar amount like they can under CSRS. Survivor elections are covered in Chapter 2 of the CSRS and FERS Handbook for Personnel and Payroll Offices.</p>
Military Deposit	<p>If the employee elects FERS they will have to pay their post 1956 military deposit to receive credit for that service. There is no FERCCA actuarial reduction for employees who elect FERS. The rules for military service deposits are explained in Chapter 22 and 23 of the CSRS and FERS Handbook for Personnel and Payroll Offices.</p>
Deposits and Redeposits	<p>If the employee elects FERS they will not be eligible for the FERCCA actuarial reduction unless they have a CSRS component. The rules for civilian deposits and redeposits are explained in Chapter 21 of the CSRS and FERS Handbook for Personnel and Payroll Offices.</p>
TSP	<p>Since the employee is currently in FERS if they elect FERS their TSP balance will not change.</p>
SSA	<p>Employees who do not have a CSRS component in their FERS annuity are not impacted by the Windfall Elimination Provision (WEP).</p> <p>Employees who receive Social Security and FERS annuities with a CSRS component may be impacted by the WEP. This means that their Social Security benefits may be reduced. However, years of substantial earnings under Social Security reduce the impact of WEP. If the employee have at least 30 years of substantial Social Security earnings the WEP is eliminated. The employee is covered by Social Security the smaller the reduction from the WEP is. The Social Security Administration has a factsheet on the WEP available on their website in their publications section at www.SSA.gov. The publication is called “Windfall Elimination Provision” and the publication number is 05-10045.</p> <p>The Government Pension Offset (GPO) is a Social Security reduction that can affect recipients of Social Security widow or widowers benefits. FERS retirees are not impacted by the GPO. For more information about the GPO see the Social Security publication “Government Pension Offset” and the publication number is 05-10007, which is available on the Social Security website, www.SSA.gov.</p>
Election	<p>All employees who are in FERS and should be in CSRS must</p>

BAL 10-104: Appendix V: Erroneous FERS Coverage Employee Belongs in CSRS:
Election Between FERS and CSRS

	make a choice between CSRS and FERS. They must make this choice using the FERCCA election form RI 10-125. Other election forms, such as a FERS election form should not be used.
Default	If the employee does not make a FERCCA election within 6 months of your providing them with the FERCCA election package then the employee must be placed in their FERCCA default election which is FERS.
Correction Process	BAL 05-103 “Retirement Coverage Error Correction: Correction of Errors that Provide an Election” discusses what actions the agencies must make to correct an error. You will need to use this BAL to answer any questions the employee may have on how his error will be corrected. The correction process should not impact the employee’s decision to make a retirement coverage choice. None of the corrections will negatively impact the employee.