



Benefits Administration Letter

Number 12 - 103

Date: August 2, 2012

Subject: Submitting “Healthy” Retirement Application Packages

Purpose: The purpose of this Benefits Administration Letter (BAL) is to provide guidance on submitting “healthy” retirement application packages to OPM for adjudication. A “healthy” retirement package is defined as a complete and accurate package that does not have to be developed for missing, inaccurate or discrepant information. In this BAL, we will describe, form by form, what information we are looking for to enable you to submit complete and accurate packages. We also provide you with the checklist we use to screen retirement cases to determine if the case is “healthy” and ready for adjudication. We describe our updated process for auditing retirement packages for accuracy and completeness and how we will report the audit findings. There are some situations where a case is deemed to be “unhealthy” but not as a result of an inaccurate or incomplete package submitted by the agency. These situations will not result in an error being charged to the agency. The BAL provides the CSA Document Order for Retirement Package Submissions (non-disability) showing the order we would like retirement packages to be submitted to OPM.

Background: A major goal in OPM’s Strategic Plan for Retirement Services is to eliminate the backlog of retirement claims to be processed and ultimately, to process 90 percent of all new claims within 60 days of receipt. To facilitate this goal, we identified four pillars of success:

1. People - In the past year, we have hired additional Legal Administrative Specialists (LAS), Paralegal Specialists and Customer Service Specialists (CSS).
2. Productivity and Process Improvement – A significant amount of our LAS’s time is spent developing unhealthy cases. Based on a Lean Six Sigma Review, we have reengineered our adjudication process to screen incoming retirement cases upon receipt from the agencies by CSSs in the screening cell of our new Retirement Development Section (RDS). Cases identified as healthy are sent to the Annuity Processing Section (APS). Unhealthy cases are developed for missing and discrepant information by CSSs in the development cell of the RDS and are not sent to the APS for adjudication until they are healthy. Productivity will be enhanced because the LASs can focus their time and efforts on adjudicating healthy cases.
3. Partnering with Agencies – To support productivity and process improvement, we established a retirement application process working group under the direction of

the Chief Human Capital Officer's (CHCO) Council to look at the entire retirement application process from the employee applying at his/her agency to OPM authorizing Treasury to make payment. We have also modified the audit process to occur at the time we initially screen and develop incoming cases. This will provide the agency with more timely feedback. We will continue to work with agencies on improving their submissions with audit feedback and training sessions based on audit results.

4. Partial Progressive IT Improvements – Although the Retirement Systems Modernization program has ended, we are looking at strategies to make incremental improvements. We developed the Guide to Retirement Data Reporting, a guide to electronic retirement data submissions. We are presently receiving test data from one of the five major payroll shared service centers and have a schedule for the remaining four centers to begin submissions.

CSRS and FERS Development Checklist and Log

As a result of the Lean Six Sigma study, we determined that our LASs were spending a disproportionate amount of time developing cases for missing and discrepant information. We determined our LAS staff could be more productive and adjudicate a higher volume of cases if they had healthy cases to process. The screening and development of new claims could be performed by CSSs, allowing the LASs to concentrate on adjudication. We created the RDS, where all incoming non-disability claims are screened and developed. To facilitate this process, we created the CSRS and FERS Development Checklists and Logs for the CSS to screen cases and document healthy and unhealthy cases.

In April 2012, we released copies of the CSRS and FERS Development Checklist and Log to agencies through the CHCO Council. Attachment A to this BAL is the CSRS and FERS Development Checklist and Log.

Retirement Application Audit

In 2008, OPM began to audit retirement application packages for accuracy and completeness. Audits were performed annually, based on a six week period where most cases that were first processed by our LASs were reviewed and the results recorded in a database. Any errors found were documented in the database. Agencies were provided with their results, including a listing of claims reviewed and a sheet documenting each error that was found.

We have changed the audit process to take full advantage of the RDS and the checklists. We are now auditing every new case that is screened in the RDS using the checklists as a guide. All cases found to be healthy are entered into the database, and then sent to the APS. All unhealthy cases are documented using the checklist and development log. There are conditions that make a case unhealthy on the checklist that are not as a result of an error in the agency package. These are not documented as errors in the audit database. Examples of unhealthy cases that are not the result of an incomplete package include

missing Individual Retirement Records (IRR) for prior service or obtaining the CSRS Offset amount from the Social Security, among others. Many of the conditions that make a case unhealthy but not as a result of an incomplete submission are detailed on Attachment B, the Annotated CSRS and FERS Checklist and annotated “Does not track to agency”.

Cases with errors in the agency package are documented and entered in the system. Errors are identified as HR and Payroll errors. Beginning in July 2012, we will provide agencies with their monthly audit results. The monthly audit reports will include details on each unhealthy application package as well as overall agency results. We will continue to inform our training workshops with results from the audits and will provide additional training as needs are identified.

Attachment B is the Annotated Copy of the CSRS and FERS Development Checklist, indicating errors that track to the agency HR, to the Payroll SSC and which do not track to the agency.

Healthy Retirement Packages

To assist agencies in providing a healthy retirement package, in addition to the annotated checklist, this BAL will detail, form by form, what is required to be considered a healthy case. We will also highlight known problem areas with each form.

Retirement Application: SF 2801 and SF 3107

The retirement application must be a complete, original form, signed by the applicant, in ink and dated. Please note that photocopies of retirement applications may be accepted if all of the criteria listed in BAL 12-102, Acceptance of Photocopies of Signed Documents in Retirement Application Packages and other Agency Submissions, dated May 25, 2012, are met. In addition to signatory requirements, all questions must be answered, all applicable boxes checked and all areas requiring initials must be initialed. Some common areas to check:

- Survivor election in Section F of the SF 2801 or Section D of the SF 3107, must be indicated, regardless of whether the individual is married or not, an election must be selected
- If a married applicant elects less than the full survivor annuity, spousal consent must be provided and the election on the application must agree with the spousal consent
- The Court Order question 2 in Section E of the SF 2801 or Section C of the SF 3107 must be answered.

Certified Summary of Service: SF 2801-1 and SF 3107-1

All periods of creditable civilian and military service must be listed. When listing military service, please indicate if a deposit has been paid in full. For each period of service not covered by retirement contributions, all pay rates and effective dates must be listed on the back page. Part-time tours of duty and/or hours worked, intermittent and/or WAE time worked and any excess LWOP must be documented. Also, all OWCP periods for FERS employees subject to PL 108-92, as described in BAL 04-105, must be indicated on the 2801-1 and SF 3107-1.

Spousal Consent Form: SF 2801-2 and SF 3107-2

When a married applicant elects less than full survivor benefits, a spousal consent form must be submitted. The survivor election on the spousal consent must match the annuitant's election in Section F of the SF 2801 or Section D of the SF 3107. The election must be notarized by a notary public. Some common areas to check:

- Must be an original form with ink signatures
- The date the spouse signs must match the date the notary signs.

Please note, photocopies of the spousal consent form may also be accepted in accordance with BAL 12-102.

Checklist: SF 2801 Schedule D and SF 3107 Schedule D

This document is primarily a checklist for agency HR specialists and for Payroll to check that all required forms and documentation have been included in the package. However, we do use the checklist to get certain information from or to use as an indicator that other documentation is required. Some important information we obtain from the checklist:

- If early optional retirement is indicated (VERA), the OPM authority number must be listed on the Schedule D **and/or** the SF 2806 or 3100
- If a discontinued service retirement (DSR) is indicated, a copy of the written notice to the employee that he or she faces involuntary separation from his or her position as of some specific date **and** a properly completed OPM 1510 that establishes the employee's eligibility for a DSR must be in the package
- If a special retirement is indicated, then the agency certification letter for an Air Traffic Controller (ATC), Law Enforcement Officer (LEO), Firefighter, Nuclear Material Carrier or Customs and Border Protection Officers (CBPO) under Section 535 of PL 110-161, establishing the employee's eligibility must be included in the package

Please make sure you provide your 4 digit Submitting Office Number (SON), previously known as the Personnel Office Indicator (POI), in Question 12 of Section A of the SF

2801 Schedule D or Question 13 of Section A of the SF 3107 Schedule D. We use the SON to correctly identify the submitting agency for the Retirement Application Audit.

Please note the requirements for photo copied documents in BAL 12-102 for the Schedule D. The checklist must be signed by the agency personnel official handling the documents and their contact information.

Federal Employees Health Benefits (FEHB)

Documentation of the employee's FEHB status and eligibility to continue coverage into retirement must be included in the package along with a memorandum noting any circumstances that would help us determine the employee's eligibility to continue coverage. This memorandum can be used to detail the continuous coverage of an employee for the 5 years prior to retirement when documentation is otherwise unavailable.

The single most common error found in retirement packages is failure to document the 5 years of coverage (or from first eligibility and through all periods of eligibility, if less than 5 years). We would like documentation of an employee's coverage for their entire career. Often, evidence of workers' compensation, LWOP, prior spouses and children that can assist in adjudication of a claim or a future death claim are available on FEHB documents. But at a minimum, we must have proof of the 5 years of coverage immediately prior to retirement. Many enrollment changes are now done using on-line systems such as Employee Express, Defense Finance and Accounting Service's (DFAS) MyPay, the Employee Benefits Information System (EBIS), National Finance Center's (NFC) Employee Personal Page (EPP) and PostalEASE, among others. Many of these systems have history reports available that can be used to document coverage. Acceptable proof of coverage includes:

- SF 2809 or other enrollment forms
- SF 2810
- History reports from on-line enrollments that show **both** the old plan and new plan, and the effective dates for each change
- Copies of screen shots or other documentation from on-line enrollments that show **both** the old plan and new plan, and the effective date for each change
- Evidence of coverage as a family member under another's FEHB enrollment. Acceptable evidence of coverage under a family member's FEHB is a copy of the SF2809, a signed letter from the carrier (as with Tricare/CHAMPUS for a family member)
- A signed memorandum from the agency detailing the continuous coverage of the employee to prove the 5-year requirement and coverage on the retirement date (corroborating documentation showing payroll deductions for at least 5 years should also be submitted)
- Evidence of TRICARE/CHAMPUS enrollment.

If an on-line enrollment history report, screen shot or other on-line documentation doesn't reflect the old plan, you can contact the carrier(s) to obtain the information, document the call (who you spoke with and the information they provided you) and include that documentation. As a last resort, you can submit sufficient payroll records to establish 5 years of coverage and all changes in enrollment.

When an employee appears eligible for an automatic waiver of the 5 year enrollment requirement because they retired under a Voluntary Early Retirement Authority (VERA), the certification of eligibility for the automatic waiver must be submitted. An employee's request to waive the 5 year eligibility requirement for all types of retirements other than a VERA must also be included if the employee is requesting a waiver.

Federal Employees Group Life Insurance (FEGLI)

Documentation of the employee's FEGLI status and eligibility to continue coverage must be included in the package. Just as with FEHB coverage, we would like documentation of an employee's coverage for their entire career. Often, evidence of LWOP, separations, workers' compensation, prior spouses and children that can assist in adjudication of a claim or a future death claim are available on FEGLI documents. But, at a minimum, we must have proof of the 5 years of coverage immediately prior to retirement. Acceptable proof of coverage includes:

- SF 2817 or SF 176
- SF 50s showing any FEGLI changes in the 5 years immediately prior to retirement.

As a last resort, you can submit sufficient payroll records to establish 5 years of coverage and all changes in enrollment.

Please note that the provisions of BAL 12-102 for photocopied documents apply to the SF 2821, SF 56, SF 2823, SF 54, SF 2817/176 and SF 2818 as well. A BAL will be issued on the revised SF 2818 in the near future.

There are multiple FEGLI forms that may be required in the agency submission:

SF 2821 – Agency Certification of Life Insurance Status must be submitted for all cases when the employee has FEGLI coverage. When the employee is eligible to continue coverage, the original form must be submitted. Some common areas to check:

- Retirement date and final salary must match the SF 2806/3100
- Coverage must match the most recent SF 2817 and/or SF 50
- Box 5 must be completed. If SF 2823 is indicated, it must be attached
- The date in Box 9 documenting the date the SF 2819 was sent must match Block 10 of the SF 2819. The SF 2821 must be signed by two different certifying

officials, one with access to HR records, and the other with access to payroll records.

SF 2818 – Please note the SF 2818, Continuation of Life Insurance Coverage, has been revised as of February 2012. Paper copies of this form are not available. You must use the downloadable Adobe Acrobat PDF version available at www.opm.gov/insure. Previous versions of the 2818 are NOT usable. However, we will accept previous versions for cases received at OPM prior to the date of this BAL.

On the revised 2818, we no longer require the applicant to sign all 4 areas. The employee now only has to sign and date the form in Item 14. However, the employee must:

- Check one of the boxes for Basic Life Insurance in Item 7, indicating if they want coverage or not or if they received a full Living Benefit, and the reduction schedule they want in retirement in Item 8
- Check one of the boxes for Option A in Item 9, indicating if they do not have Option A or if they want Option A or not
- Check one of the boxes for Option B in Item 10, indicating they don't have Option B, or if they want to continue coverage or not, and if applicable, the number of multiples of NO REDUCTION or FULL REDUCTION multiples they want in retirement in Item 11
- Check one of the boxes for Option C in Item 12, indicating if they don't have Option C, if they want to continue coverage or not, and if applicable, the number of NO REDUCTION or FULL REDUCTION multiples they want in retirement in Item 13.

SF 2823/SF 54 – Only the Office of Federal Employees Group Life Insurance can determine the correct payee(s) for a life insurance claim. Original copies of **all** SF 2823s and SF 54s on file must be submitted with the package. Please note that the provisions of BAL 12-102 for photocopied documents apply to the SF 2823/SF 54. Some common problem areas to check:

- Make sure the 2823/54 is signed by the insured
- Make sure there are 2 valid witnesses, neither of which may be a designee
- Make sure that shares designated equal 100%.

Military Service

All periods of creditable active military service must be documented with a DD214 reflecting the character of the service performed and any lost time. In the absence of a DD214, OPM will accept a document signed by an official verifying the service (including NPRC), a certificate of military service noting active duty dates and honorable

discharge, a copy of orders placing him on and off duty, or military academy certification noting attendance and graduation.

If military retired pay is indicated and the applicant is waiving retired pay to credit their military service, a copy of the military retired pay waiver request must be included. If the applicant is claiming combat incurred disability or reserve retired pay, verification must be included.

If the individual's post-1956 military service deposit was paid and the SF 2806/3100 has not previously been sent to OPM, it must be included with the package and must reflect that it is paid-in-full. If the deposit has been paid but the 2806/3100 isn't available yet, all post-1956 deposit worksheets must be included along with a copy of the applicant's check that matches the amount due from the most current worksheet so that we can authorize annuity payments pending receipt of the 2806/3100.

Individual Retirement Records (IRR) – SF 2806/3100

We must have a SF 2806/3100 on file for all periods of covered service. SF 2806/3100s are sent to OPM when an employee separates from an agency or changes payroll offices. SF 2806/3100s for prior service should be on file with OPM. The SF 2806/3100 for the retiree's final period of service is submitted with the retirement package. Some common areas to check:

- Service history must be complete
- Additional pay status must be indicated for any year applicable
- Part-time tours of duty and/or hours worked, intermittent and/or WAE time worked and any LWOP must be documented
- Unused sick leave balance must be posted; if uncommon tour of duty and for VA part-time nurses and physicians, the expiration date of sick leave must be provided
- FEHB Premium Conversion (FEHB-PC) breakdown for offset service beginning with CY 2004 reflecting contributions withheld at the CSRS Offset rate (generally 0.8%) and the full CSRS rate (generally 7%).

Final Notification of Personnel Action – SF 50

There is no requirement, except for a FERS ATC retirement cases, to submit the final SF 50 for retirement. However; we often have to request the final SF 50 to verify the retiree's FEGLI coverage at retirement when the election forms and the SF 2821 do not match, and, when the type of retirement does not match on the Schedule D and the IRR. Development for these and other conditions would be unnecessary if the final SF 50 was submitted in every case.

CSA Document Order for Retirement Package Submissions (non-disability)

To better assist us in the screening and development of non-disability cases, we ask that you submit the retirement package to OPM in the order specified in Attachment C - CSA Document Order for Retirement Package Submissions (non-disability).

Please note that you may not have all forms listed for every retirement package you submit to OPM. We ask that the forms that are submitted be in the order specified in Attachment C.

It will expedite interim pay processing if forms are 2-hole punched (on top for portrait, on the right side for landscape), do not need to be repaired and are in the order specified. If the forms are torn off the prongs of the OPF, they need to be repaired before we can punch holes for the retirement case file. Also the documents should not be stapled together. Removing the staples increases assembly time and may damage the documents.

If you have any question or comments concerning this BAL you may contact us at (202) 606-0788 or benefits@opm.gov.

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Retirement Services

Attachment A - CSRS and FERS Development Checklist and Log
Attachment B - Annotated Copy of the CSRS and FERS Development Checklist
Attachment C - CSA Document Order for Retirement Package Submissions (non-disability)