

Office of Personnel Management
Retirement and Insurance Group



1920



1954



1959



1986

Benefits Administration Letter

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SUBJECT MRA + 10/DSR UPDATE

Because of agency downsizing activities, recently we have received a number of questions related to MRA + 10 and discontinued service retirement. The attached pages are advance copies of new material that is in updated Chapters 42, MRA + 10 Retirement, and 44, Discontinued Service Retirement, of the CSRS and FERS Handbook for Personnel and Payroll Offices.

The additions to Chapter 43 clarify the entitlements of an employee who, by making a deposit, could have at least 10 years of creditable service. They also clarify that an employee who is entitled to an MRA + 10 benefit (or later becomes entitled to the benefit) is not eligible for severance pay.

The additions to Chapter 44 clarify that, under certain circumstances, an employee who is about to be separated involuntarily who does not yet meet eligibility for a discontinued service annuity may acquire eligibility through a short-term appointment with no break in service.

Please note: When counseling employees who are eligible to elect an MRA + 10 retirement benefit, it is important to remember that it is not essential that they make an immediate decision about the benefit, unless other considerations, such as continuation of health insurance at the employee rate, make an immediate decision necessary. For some employees, particularly those whose annuities would be significantly reduced because of being under age 62, and who are likely to return to the Federal workforce, delaying a decision may be the best course of action.

As long as an individual has not started receiving regular annuity payments for an MRA + 10 annuity, he or she can return to Federal employment as an employee rather than under the reemployed annuitant rules. However, once OPM authorizes the first regular annuity payment, the individual is subject to the reemployed annuitant rules if reemployed by a Federal agency. (See the information on postponing an annuity in Chapter 42.)

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Attachments

Section 42A5.1-2 Advice to Employee

- A. Retiree Annuity Supplement** Employees who retire under the MRA + 10 provision are not eligible for the retiree annuity supplement.
- B. Refunds** MRA + 10 is an immediate retirement annuity. Therefore, employees eligible for MRA + 10 benefits may not receive a refund of retirement contributions if separating from Federal service.
- > Since service is not creditable under FERS if it is not paid for, an employee who could gain title to an MRA + 10 annuity by making a deposit, but who has not done so at the time of separation, is eligible for a refund. For example, if an employee has 8 years of paid service and 2 years of service for which a deposit could be made, upon separation the employee could choose to not make the deposit and to receive a refund for the 8 years. See the following paragraph for information about making the service credit deposit to become eligible for an annuity. <
- C. > Service Credit Payments**
1. As is the case with other retirement types, an employee who retires on an immediate MRA + 10 annuity may make a deposit for civilian service to OPM as part of the claims adjudication process.
 2. If an employee does not file an application for retirement at the time of separation, he or she must have at least 5 years of paid civilian service to pay the deposit at a later date. If payment of the deposit gives the separated employee at least 10 years of creditable service, he or she is then eligible for an MRA + 10 annuity, and may elect a commencing date under the rules for a postponed annuity. (See 42A4.1-1C.)
- Example: An employee separates at age 57 in 1993 with 9 years of paid civilian service and 2 years of pre-1989 non-deduction service. The employee chooses not to file an application for retirement at the time of separation. In 1995, the employee makes a deposit for the non-deduction service and becomes eligible for an MRA + 10 annuity. The individual can choose to have the annuity commencing date be retroactive to the first of the month following separation, or be prospective. <

Section 42A5.1-2 Advice to Employee (Cont.)

- D. Electing the Alternative Annuity** MRA + 10 annuitants are eligible to elect the alternative annuity, subject to the restrictions imposed by Public Law 103-66 that are described in section 42A4.1-1G.
- Since the alternative annuity lump sum payment is made when the annuity begins, an MRA + 10 annuitant cannot receive the lump sum immediately after separation and then postpone receiving his or her monthly annuity. (See Chapter 53, Alternative Annuity Elections, for details about alternative annuity elections.)
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- E. Health and Life Insurance** See section 42A4.1-1, paragraph F, for information about health and life insurance for employees eligible for an MRA + 10 annuity.
- IMPORTANT:** If a separated employee who is eligible for an MRA + 10 annuity postpones the annuity, no FEGLI is payable in the event of death before the postponed MRA + 10 annuity commences. Once the annuity commences, the FEGLI coverage is reinstated prospectively.
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- F. Survivor Benefits** If an employee separates from service after having met the age and service requirements for an immediate MRA + 10 annuity, but dies before actually filing an application for retirement, he or she is deemed to have filed that application. The former employee is considered to have died as an annuitant, thereby ensuring the rights of survivors to all benefits for which they otherwise qualify.
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- G. Withdrawal of Retirement Application**
1. The CSRS rules in Chapter 41, Voluntary Retirement Based on Age and Service, section 41A3.1-1, paragraphs C, D, and E apply to a FERS employee. In addition, the following rules apply to FERS employees.
 2. Except as provided in 3 below, a separated employee may withdraw his or her application for benefits until a regular recurring payment based on that application has been authorized, but not thereafter.
- Withdrawal of the application for retirement annuity after separation does not, however, cancel the employee's separation except as provided in Chapter 41, section 41A3.1-1E.
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Section 42A5.1-2 Advice to Employee (Cont.)**G. Withdrawal of Retirement Application (Cont.)**

3. A separated employee may not withdraw his or her application for benefits if OPM has received a certified copy of a qualifying court order awarding benefits to a spouse or former spouse.

EXCEPTION: Regardless of whether or not OPM has received a qualifying court order awarding spouse/former spouse benefits, an individual who applies for MRA + 10 benefits, but is reemployed before electing a postponed commencing date or, if a postponed commencing date was elected, is reemployed before that date, is considered to have withdrawn his or her application for retirement.

H. > Severance Pay Eligibility

1. An employee who is involuntarily separated and who meets the age and service requirements for an MRA+ 10 benefit is **not** eligible for severance pay because the employee meets eligibility requirements for an immediate annuity. This is true even if the employee plans to postpone receipt of the annuity to lessen the age reduction. Under 5 U.S.C. 5595 (a)(2)(iv), an employee "... who has fulfilled the requirements for an immediate annuity..." is not eligible for severance pay.
2. An involuntarily separated employee who could become eligible for an MRA + 10 annuity by paying a deposit for civilian or military service, but who does not do so, is eligible for severance pay at the time of separation. However, if as described in Paragraph C, the employee subsequently pays OPM a deposit for civilian service and obtains at least 10 years of creditable service, the employee becomes eligible for the MRA + 10 benefit. OPM notifies the former agency of the employee's eligibility so that the agency can decide whether to initiate collection action to recover any severance pay that was paid to the employee. <

Section 44A2.1-8 Condition: Expiration of Appointment

A. General Rule

A separation is not qualifying for discontinued service retirement if the employee voluntarily leaves regular long-term (career) employment to accept a short-term appointment with full knowledge of its early termination.

B. Exception

If an agency has a legitimate management need for an employee's services on a short-term basis, it is appropriate to use such an appointment to meet the management need.

Termination from short-term employment may be considered involuntary for discontinued service retirement if the employment served a management purpose. If the short-term employment was arranged to create title to an annuity, and did not serve a management purpose, the separation is not considered qualifying for discontinued service retirement.

A separation is qualifying for discontinued service retirement if the employee received a specific notice of separation from regular long-term (career) employment, did not decline a "reasonable offer," moved to a time-limited appointment without a break in excess of 3 days, and is involuntarily separated from the time-limited appointment.

EXAMPLE 1: A 47-year-old employee is about to be separated with 24 years 8 months of service because the base where he works is closing. The agency needs 20 employees on a temporary basis to do environmental clean-up after the base closes. The agency offers the employee a temporary appointment NTE 1 year with no break in service. The work is finished in 8 months and the employee's temporary appointment is terminated. The employee now has more than 25 years of service, and is eligible for a discontinued service annuity since his separations from both the long term and short term employment were involuntary and there was no break in service. However, if the employee had resigned after 6 months, his final separation would be voluntary and not qualifying for discontinued service retirement.

EXAMPLE 2: An employee who would be eligible to retire during an OPM-approved "early out" accepts, at the agency's request, a time-limited appointment with no break in service to help wind down a program operation. The employee's subsequent separation from the time-limited appointment would qualify for discontinued service retirement as an involuntary separation. OPM will request additional

evidence from the former employing agency and the employee to establish the true substance of an action if there is any doubt that a separation is actually involuntary for retirement purposes.

C. Employee With Reinstatement Right

An employee who leaves regular employment to accept an assignment that guarantees reinstatement rights to his or her former employment must first exercise those reinstatement reemployment rights before determination of his or her eligibility for discontinued service retirement.
