5 Employee Benefits

510 Leave

511 General

511.1 Administration Policy

The Postal Service policy is to administer the leave program on an equitable basis for all employees, considering (a) the needs of the Postal Service and (b) the welfare of the individual employee.

511.2 Responsibilities

511.21 Postal Officials

Postal officials:

a. Administer the leave program.

b. Inform employees of their leave balance.

c. Approve or disapprove requests for leave.

d. Record leave in accordance with Handbook F-21, *Time and Attendance,* or Handbook F-22, *PSDS Time and Attendance.*

e. Control unscheduled absences (see 511.4).

511.22 Eagan Accounting Service Center

The Eagan Accounting Service Center (ASC):

a. Maintains official leave records.

b. Provides leave data to installation *when employees are being separated.*

511.23 Postal Employees

Postal employees:

a. Request leave by completing PS Form 3971, *Request for or Notification of Absence.*

b. Obtain approval of PS Form 3971 before taking leave — except in cases of emergencies.

c. Avoid unnecessary forfeiture of annual leave.

511.3 Eligibility

511.31 Covered

Covered by the leave program are:

a. Full-time career employees.

b. Part-time regular career employees.

c. Part-time flexible career employees.

d. To the extent provided in the USPS National Rural Letter Carriers' Association (NRLCA) National Agreement, temporary employees assigned to rural carrier duties.

Note: Transitional employees are not covered by the leave program, but do earn leave as specified in their union's national agreement.

511.32 Not Covered

Not covered by the leave program are:

a. Postmaster relief/leave replacements, noncareer officers in charge, and other temporary employees except as described in 511.31d.

b. Casual employees.

c. Individuals who work on a fee or contract basis, such as job cleaners.

511.4 Unscheduled Absence

511.41 Definition

Unscheduled absences are any absences from work that are not requested and approved in advance.

511.42 Management Responsibilities

To control unscheduled absences, postal officials:

a. Inform employees of leave regulations.

b. Discuss attendance records with individual employees when warranted.

c. Maintain and review PS Form 3972, *Absence Analysis,* and PS Form 3971.

511.43 Employee Responsibilities

Employees are expected to maintain their assigned schedule and must make every effort to avoid unscheduled absences. In addition, employees must provide acceptable evidence for absences when required.

512 Annual Leave

512.1 General

512.11 Purpose

Annual leave is provided to employees for rest, for recreation, and for personal and emergency purposes.

512.12 Definitions

The following definitions apply for the purposes of 510:

a. *Leave year* — the year beginning with the first day of the first complete pay period in a calendar year and ending on the day before the first day of the first complete pay period in the following calendar year.

b. *Accumulated leave* — the total unused leave that remains to the credit of the employee at the beginning of any leave year.

c. *Current leave* — leave that an employee earns by biweekly pay periods during the current leave year.

d. *Accrued leave* — leave that is earned but is unused by an employee during any period during the current leave year.

512.2 Determining Annual Leave Category

512.21 General Policy

Annual leave category is determined by using the leave policy in effect at the time an employee enters a career appointment or transfers into the Postal Service.

Both active military and civilian service, as outlined in 512.22 and 512.23, are used in computing the years of service that determine an employee's annual leave category, but leave credit is not allowed for both civilian and military service that cover the same period of time. Other service not counted is listed in 512.24.

512.22 Federal Civilian Service Counted

512.221 Service in the Postal Service

The following prior service in the Postal Service is used in computing the years of service that determine the annual leave category:

a. Service performed while a career employee of the Postal Service or Post Office Department.

b. Time on the rolls during which an employee served as a substitute rural carrier (not just the dates on which actual service was performed) if the time is creditable for the federal retirement program applicable to the employee.

c. If performed before January 1, 1977, time on the rolls as a casual or temporary employee, or time actually worked as a postmaster relief/ leave replacement in an office other than first-class.

d. For postmaster relief/replacement in a first-class office, time actually worked after July 21, 1947, and before January 1, 1977.

512.222 Service in Other Federal Government Organizations, the District of Columbia, or Gallaudet University

The following service in the federal government, the District of Columbia, or Gallaudet University, regardless of breaks in service, is used in computing the years of service that determine the annual leave category:

a. Career, career conditional, and excepted appointment service (without a "not to exceed" (NTE) date).

b. Seasonal, on-call, or intermittent employment, even though it may be an "indefinite career appointment," credited on a "when actually employed" (WAE) basis. For such appointments, no credit for leave is given for leave without pay (LWOP) periods.

c. Time-limited or temporary appointment service performed prior to January 1, 1977.

d. VISTA service prior to October 1, 1973.

e. District of Columbia (D.C.) government service only if (a) the person was employed there prior to October 1, 1987, or, if service in an appointment by the D.C. government to St. Elizabeth's Hospital, on October 1, 1977, and (b) the service is creditable for Civil Service Retirement System (CSRS) purposes.

512.23 Military Service Counted

512.231 Service of an Employee Not Eligible for Military Retirement Annuity

The following military service is used in computing the years of service that determine the annual leave category:

a. Periods of active service terminated by honorable discharge or transfer to inactive reserves under honorable conditions. Active service may be in the Army, Air Force, Navy, Marine Corps, and/or Coast Guard and their respective academies.

b. Service performed by employees who are members of the National Guard Service or Air National Guard Service only during periods of active duty with the U.S. Army or U.S. Air Force.

c. Service performed by Naval Reserve Officers Training Corps students during periods of active duty or training duty as members of the Naval or Marine Corps Reserve.

Note: Veterans Affairs (VA) disability payments for service-connected injuries or illnesses are not retirement annuities. If a VA disability payment is received and the employee is not eligible for a military retirement annuity, 512.231 applies. If the employee is eligible for a military retirement annuity, 512.232 applies.

512.232 Service of an Employee Eligible for Military Retirement Annuity

The following military service is used in computing the years of service that determine the annual leave category:

a. *Full Credit.* Full leave accrual credit for all of active military service is granted if a military retiree meets one of the following four conditions:

(1) Retirement was based on disability resulting from injury or disease received in the line of duty as a direct result of armed conflict.

(2) Retirement was based on disability caused by an instrumentality of war and incurred in the line of duty during a period of war defined in 38 United States Code (U.S.C.) 101 and 301.

(3) On November 30, 1964, the employee was employed in a civilian office to which the Annual and Sick Leave Act of 1951 applied

and continues to be employed in a civilian capacity without a break in civilian service of more than 30 days.

Notes:

(a) A military retiree who as a military reservist or member of the National Guard was called from civilian employment to active military duty before November 30, 1964, and after that date was restored to a civilian position (under 5 U.S.C. 3551) does not meet this condition.

(b) Section 3551 provides only for restoration; therefore, the employee is not considered as having been on military furlough or leave of absence from a civilian position or as having been employed on November 30, 1964, in a civilian position to which section 6303(a), the former *Annual and Sick Leave Act,* applied.

(4) The individual first becomes eligible for a uniformed services annuity while serving as a career employee. This provision applies to members of the Reserve Component of the Armed Forces (Reserves and National Guard) who (a) qualify for an annuity because of reserve service or (b) are involuntarily recalled to active duty under Title 10, qualify for uniformed services retirement during that period of active duty, and then are restored to federal civilian employment on completion of that period of involuntary military service. This provision applies only to the employee's current period of civilian employment; if the employee separates and is reemployed later, the provision is no longer applicable.

b. *Partial Credit.* Military retirees who do not qualify for full leave accrual credit can qualify for partial credit based on the following:

(1) Service for determining an employee's leave category is restricted to the actual length of time in active service in the armed forces during any war or in any nonwartime campaign or expedition for which a campaign badge was authorized.

(2) Service in a nonwartime campaign or expedition does *not* entitle the military retiree to credit for the duration of the campaign or expedition but only for the period of service in the campaign or expedition.

Note: Exhibit 512.232 provides data about wars and campaigns and expeditions for which campaign badges were authorized.

c. *Verification.* Military service should be verified:

(1) *Disability Retirements.* Request verification from the records center of the appropriate military branch.

(2) *Wartime Service.* Verify from discharge certificates (e.g., DD Form 214).

(3) *Military Records Center.* Addresses and other data necessary to verify service are provided in SF180, *Request Pertaining to*

Military Records, found at the following Web site: http://www.archives.gov/research/order/standard-form-180.pdf.

(4) *Campaign or Expeditionary Service.* Verify by sending a completed SF 813, *Verification of a Military Retiree's Service in Nonwartime Campaigns or Expeditions,* to the appropriate military records center. SF 813 can be found at the following Web site: http://www.opm.gov/forms/pdf_fill/SF813.pdf.

Exhibit 512.232

Wars, Campaigns, and Expenditions of the Armed Forces Since 1937

a. Wars[1]

War	Inclusive Dates
World War I	April 6, 1917 – July 2, 1921[2]
World War II	December 7, 1941 – April 28, 1952[3]

b. Nonwar Campaigns and Expeditions Since 1937 for Which a Campaign or Expeditionary Medal Has Been Awarded.

Campaign or Expedition	Inclusive Dates
American Defense Service	September 8, 1939 – December 7, 1941
Army Occupation of Austria	May 9, 1945 – July 27, 1955
Army Occupation of Berlin	May 9, 1945 – October 2, 1990
Army Occupation of Germany (exclusive of Berlin)	May 9, 1945 – May 5, 1955
Army Occupation of Japan	September 3, 1945 – April 27, 1952
China Service	July 7, 1937 – September 7, 1939
China Service Medal (Extended)	September 2, 1945 – April 1, 1957
Korea Defense Service Medal	July 28, 1954 – (to be decided)
Korean Service	June 27, 1950 – July 27, 1954
Navy Occupation of Austria	May 8, 1945 – October 25, 1954
Navy Occupation of Trieste	May 8, 1945 – October 25, 1954
Southwest Asia Service Medal (SWASM): Operation Desert Shield Operation Desert Storm	August 2, 1990 – November 30, 1995 August 2, 1990 – November 30, 1995
Units of the Sixth Fleet (Navy)	May 9, 1945 – October 25, 1955
Vietnam Service Medal (VSM)	July 4, 1965 – March 28, 1973

[1] *"Wars" include only those armed conflicts for which a declaration of war was issued by Congress. The Title 38, U.S.C., definition of "war," which is used in determining benefits administered by the Department of Veterans Affairs, includes the Vietnam Era and other armed conflicts. That Title 38 definition is not applicable for purposes of granting partial leave credit to military retirees.*

[2] *July 2, 1921, is the date of a Joint Resolution of the U.S. Congress that terminated the war with Germany and Austria-Hungary.*

[3] *The effective date of the Treaty of Peace with Japan that officially terminated World War II.*

[4] *Ongoing campaign or operation through August 2000.*

Armed Forces Expeditionary Medal (AFEM) (A veteran's DD Form 214, *Certificate of Release or Discharge From Active Duty,* showing the award of any Armed Forces Expeditionary Medal is acceptable proof. The DD Form 214 does not have to show the name of the theater or country of service for which that medal was awarded.)	**Inclusive Dates**
Afghanistan: Operation Enduring Freedom Operation Iraqi Freedom	September 11, 2001 – (to be decided) March 19, 2003 – (to be decided)
Berlin	August 14, 1961 – June 1, 1963
Bosnia: Operation Joint Endeavor Operation Joint Guard Operation Joint Forge	November 20, 1995 – December 20, 1996 December 20, 1996 – June 20, 1998 June 21, 1998 – (to be decided)
Cambodia	March 29, 1973 – August 15, 1973
Cambodia Evacuation: Operation Eagle Pull	April 11, 1975 – April 13, 1975
Congo	July 14, 1960 – September 1, 1962, and November 23 – 27, 1964
Cuba	October 24, 1962 – June 1, 1963
Dominican Republic	April 28, 1965 – September 21, 1966
El Salvador	January 1, 1981 – February 1, 1992
Global War on Terrorism	September 11, 2001 – (to be decided)
Grenada: Operation Urgent Fury	October 23, 1983 – November 21, 1983
Haiti: Operation Uphold Democracy	September 16, 1994 – March 31, 1995
Indian Ocean/Iran	November 21, 1979 – October 20, 1981
Iraq: Operation Northern Watch[4] Operation Desert Spring Operation Enduring Freedom (OEF) Operation Iraqi Freedom (OIF)	January 1, 1997 – (to be decided) December 31, 1998 – December 31, 2002 (projected) September 11, 2001 – (to be decided) March 19, 2003 – (to be decided)
Korea	October 1, 1966 – June 30, 1974
Kosovo Campaign Medal (KCM): Operation Allied Force Operation Noble Anvil Task Force Saber Task Force Hunter Operation Sustain Hope/Shining Hope Operation Allied Harbor Task Force Hawk Task Force Falcon	March 24, 1999 – June 10, 1999 March 24, 1999 – July 20, 1999 March 31, 1999 – July 8, 1999 April 1, 1999 – November 1, 1999 April 4, 1999 – July 10, 1999 April 4, 1999 – September 1, 1999 April 5, 1999 – June 24, 1999 June 11, 1999 – (to be decided)
Laos	April 19, 1961 – October 7, 1962

[1] *"Wars" include only those armed conflicts for which a declaration of war was issued by Congress. The Title 38, U.S.C., definition of "war," which is used in determining benefits administered by the Department of Veterans Affairs, includes the Vietnam Era and other armed conflicts. That Title 38 definition is not applicable for purposes of granting partial leave credit to military retirees.*

[2] *July 2, 1921, is the date of a Joint Resolution of the U.S. Congress that terminated the war with Germany and Austria-Hungary.*

[3] *The effective date of the Treaty of Peace with Japan that officially terminated World War II.*

[4] *Ongoing campaign or operation through August 2000.*

Lebanon	July 1, 1958 – November 1, 1958, and June 1, 1983 – December 1, 1987
Mayaguez Operation	May 15, 1975
Operations in the Libyan Area: Operation Eldorado Canyon	April 12, 1986 – April 17, 1986
Panama: Operation Just Cause	December 20, 1989 – January 31, 1990
Persian Gulf: Intercept Operation[4]	December 1, 1995 – (to be decided)
Persian Gulf Operations: Operation Earnest Watch Operation Vigilant Sentinel Operation Southern Watch[4] Operation Desert Thunder Operation Desert Fox	July 24, 1987 – August 1, 1990 December 1, 1995 – February 15, 1997 December 1, 1995 – (to be decided) November 11, 1998 – December 22, 1998 December 16, 1998 – December 22, 1998
Quemoy and Matsu Islands	August 23, 1958 – June 1, 1963
Somalia: Operation Restore Hope and United Shield	December 5, 1992 – March 31, 1995
Taiwan Straits	August 23, 1958 – January 1, 1959
Vietnam (including Thailand)	July 1, 1958 – July 3, 1965
Vietnam Evacuation: Operation Frequent Wind	April 29, 1975 – April 30, 1975
Navy Expeditionary Medal and Marine Corps Expeditionary Medal	**Inclusive Dates**
Cuba	January 3, 1961 – October 23, 1962
Indian Ocean/Iran	November 21, 1979 – October 20, 1981
Iranian/Yemen/Indian Ocean	December 8, 1978 – June 6, 1979
Lebanon	August 20, 1982 – May 31, 1983
Liberia: Operation Sharp Edge	August 5, 1990 – February 21, 1991
Libyan Area	January 20, 1986 – June 27, 1986
Panama	April 1, 1980 – December 19, 1986, and February 1, 1990 – June 13, 1990
Persian Gulf	February 1, 1987 – July 23, 1987
Rwanda: Operation Distant Runner	April 7, 1994 – April 18, 1994
Thailand	May 16, 1962 – August 10, 1962

1 *"Wars" include only those armed conflicts for which a declaration of war was issued by Congress. The Title 38, U.S.C., definition of "war," which is used in determining benefits administered by the Department of Veterans Affairs, includes the Vietnam Era and other armed conflicts. That Title 38 definition is not applicable for purposes of granting partial leave credit to military retirees.*

2 *July 2, 1921, is the date of a Joint Resolution of the U.S. Congress that terminated the war with Germany and Austria-Hungary.*

3 *The effective date of the Treaty of Peace with Japan that officially terminated World War II.*

4 *Ongoing campaign or operation through August 2000.*

512.24 Service Not Counted

Credit is not allowed for:

a. Service in a nonpay status in excess of 6 months in a calendar year unless the employee is in an LWOP status and is (1) receiving Office of Workers Compensation Programs (OWCP) benefits, (2) serving as a full-time officer or employee of an employee or management organization, or (3) on active military service while being carried on postal rolls in an LWOP status.

b. LWOP periods during indefinite career appointments that are seasonal, on-call, or intermittent employment.

c. VISTA service after October 1, 1973, Peace Corps, or similar volunteer service.

d. Tennessee Valley Authority service.

e. Time-limited or temporary service performed on or after January 1, 1977.

f. Service in Army and Air Force Exchange Services (AAFES), Navy and Coast Guard Exchanges, Army and Air Force Motion Picture Service, and other organizations under the jurisdiction of the armed forces conducted for the comfort, pleasure, contentment, and mental and physical improvement of armed forces personnel.

g. Foreign national service, that is, service during which the employee worked outside the United States for a federal agency — such as the Department of the Army, the U.S. Department of State, or the U.S. Agency for International Development — as a foreign citizen.

512.3 Accrual and Crediting

512.31 Employee Categories

512.311 Full-Time Employees

The following provisions concern full-time employees:

a. *Accrual Chart.* Full-time career employees earn annual leave based on their number of creditable years of service:

Leave Category	Creditable Service	Maximum Leave Per Year
4	Less than 3 years	4 hours for each full biweekly pay period; i.e., 104 hours (13 days) per 26-period leave year.
6	3 years but less than 15 years	6 hours for each full biweekly pay period plus 4 hours in last full pay period in calendar year; i.e., 160 hours (20 days) per 26-period leave year.
8	15 years or more.	8 hours for each full biweekly pay period; i.e., 208 hours (26 days) per 26-period leave year.

b. *Credit at Beginning of Leave Year.* Full-time career employees are credited at the beginning of the leave year with the total number of annual leave hours that they will earn for that leave year.

c. *Changes in Employee's Accrual Rate.* Leave credit at the beginning of the leave year reflects any change in an employee's accrual rate for that year.

d. *Change From Part-time to Full-time.* An employee who changes from a part-time to a full-time employee after the start of a leave year is credited with the annual leave to be earned for the remainder of the leave year.

e. *Nonpay Status.* Leave credit for periods in which an employee is in a nonpay status is reduced during the leave year as follows:

(1) When an employee's absence in a nonpay status totals the equivalent of 1 pay period of regular service during the leave year (10 days or 80 hours), credit for leave is reduced by the amount of leave earned by the employee in a pay period.

Notes:

(a) For rural carriers who are required to work 6 days a week, the equivalent of 1 pay period is 12 days or 96 hours.

(b) For J route carriers, the equivalent of 1 pay period is 11 days or 88 hours.

(2) When an employee has one or more periods of LWOP during the leave year, all hours in a nonpay status (during periods in which the employee earned annual leave) are totaled to reduce leave credits.

512.312 Part-Time Employees

The following provisions concern part-time employees:

a. *Accrual and Crediting Chart.* Part-time career employees other than rural carriers earn annual leave based on the number of hours in which they are in pay status (see Exhibit 512.312).

b. *Biweekly Crediting.* Leave accrues and is credited in whole hours at the end of each biweekly pay period. All hours in pay status that cannot be credited for leave purposes (see 512.312a) are dropped when:

(1) The leave year ends.

(2) The employee's status is changed from part-time to full-time.

(3) The employee is removed from the rolls for any cause.

c. *Exceptions.* The following are exceptions to the crediting rule in 512.312b.

(1) Part-time regular schedule employees including A–E postmasters are credited with annual leave on a pro rata basis, according to their authorized daily schedules. Employees other than A–E postmasters must wait until they have 1 year or more of career service to be credited at the beginning of the leave year with the annual leave that they will earn during the leave year. A–E postmasters are credited at the beginning of the leave year with the annual leave that they earn during the leave year. Part-time regular employees are entitled to additional leave hours, based on their leave category, for each 20, 13, or 10 hours of work in excess of the schedule (see Exhibit 512.312).

(2) Substitute rural carriers and rural carrier associates (RCAs) earn leave for time serving (a) a vacant route or (b) a route from which the rural carrier is on extended leave in excess of 90 days. RCAs also earn leave based on the number of hours worked serving an auxiliary route for a period in excess of 90 days. The leave category for substitute rural carriers is based on creditable service, and for RCAs it is based on category 4. The first day of the pay period following 90 days, the substitute or RCA is credited with accrued annual leave for the first 90 days.

(3) Auxiliary rural carriers, including substitute rural carriers in dual appointments, are credited with annual leave for actual service performed in accordance with their appropriate leave category. If auxiliary rural carriers are otherwise employed (e.g., as clerks in the Post Office), such additional service is also used in the computation of leave credit; otherwise, they are credited as instructed in 512.312a.

Exhibit 512.312
Accrual and Crediting Chart for Part-Time Career Employees

Leave Category	Years of Creditable Service	Maximum Leave per Year	Rate of Accrual	Hours in Pay Status	Hours of Leave Earned per Period
4	Less than 3 years.	104 hours, or 13 days per 26-period leave year or 4 hours for each biweekly pay period.	1 hour for each unit of 20 hours pay in status.	20 40 60 80	1 2 3 4 (max.)
6	3 years but less than 15 years.	160 hours, or 20 days per 26-period leave year or 6 hours for each full biweekly pay period.[1]	1 hour for each unit of 13 hours in pay status.	13 26 39 52 65 78	1 2 3 4 5 6 (max.)[1]
8	15 years or more.	208 hours, or 26 days per 26-period leave year or 8 hours for each full biweekly pay period.	1 hour for each unit of 10 hours in pay status.	10 20 30 40 50 60 70 80	1 2 3 4 5 6 7 8 (max.)

[1] *Except that the accrual for the last pay period of the calendar year may be 10 hours, provided the employee has the 130 creditable hours or more in a pay status in the leave year for leave purposes.*

Recording Hours for Annual and Sick Leave

a. *Units of hours in a pay status are converted into annual leave credits at the rate of 1 hour for each unit of 20, 13, or 10 hours in a pay status — up to a maximum of 4, 6, or 8 hours per biweekly pay period, depending on the employee's leave category.*

b. *Hours in a pay status in excess of these whole units are accumulated and carried forward as excess workhours. These excess (uncredited) workhours are added to hours in a pay status in the next period.*

c. *Whole units of creditable hours (20, 13, or 10) are then converted into leave hours at the unit rate — provided no more leave is credited to a part-time employee than could be earned in the same leave year by a full-time employee.*

d. *The maximum credit allowable for a particular leave category is calculated by multiplying the period number by the number of leave hours allowable per period.*

512.313 **Appointees**

The following provisions concern appointees:

a. *Rate of Leave Accrual.* The rate of leave accrual for a new career employee (whether appointed, reinstated, or transferred) *is determined promptly as soon as related facts are verified*. It is based on creditable service, both civilian and military (see 512.2).

b. *Ninety-Day Qualifying Period.*

(1) *Requirement.* New employees are not credited with and may not take annual leave until they complete 90 days of continuous employment under one or more appointments without a break in service.

Exception: This requirement does not apply to (a) career (or career conditional) employees who have had a minimum of 90 days of continuous federal service prior to transferring, without a break in service, to a Postal Service career position (see 512.812 and 512.91) or (b) substitute rural carriers or RCAs who are in a leave-earning status and convert to a Postal Service career position without a break in service.

(2) *Break in Service.* A break in service of 1 or more workdays breaks the continuity of employment. Any further employment requires beginning a new 90-day period. (For substitute rural carriers and RCAs, see 512.552.)

(3) *Active Military Service.* Active military service for an employee *not entitled to mandatory restoration* is a break in civilian service. The employee begins a new 90-day qualifying period for leave purposes.

(4) *Full-time Employees and A–E Postmasters.* After new employees complete the 90-day qualifying period, they are credited with annual leave to be earned during the remainder of the leave year plus the leave earned during the qualifying period.

(5) *Part-time Employees Except A–E Postmasters.* After part-time employees complete the 90-day qualifying period, annual leave that they have accrued is credited to their accounts.

c. *Partial Pay Period.*

(1) Any employee whose appointment is made effective after the first Monday of a pay period does not receive leave credit for service performed during that pay period. Part-time employees appointed in this manner do not have their service hours brought forward for leave purposes for that pay period.

(2) An employee transferring from an agency having different pay periods may be given credit for the partial period.

512.32 Maximum Carryover

512.321 Maximum Carryover Amounts

The maximum carryover amount, i.e., the maximum amount of previously accumulated annual leave with which an employee may be credited at the beginning of a year, is as follows:

a. *Bargaining Unit Employees.* The maximum leave carryover for bargaining unit employees is 55 days (440 hours).

b. *Executive and Administrative Schedule (EAS) Employees.* The maximum carryover amount for EAS employees is 70 days (560 hours).

c. *Employees Affected by Public Law 102.* For employees who, on January 1, 1953 (prior to the passage of Public Law 102), (1) had more accumulated leave to their credit than the amounts provided above, and (2) who have maintained balances in excess of those amounts, the maximum carryover amount is the balances they have maintained.

512.322 Nonbargaining Unit to Bargaining Unit

When a nonbargaining unit employee is permanently assigned to a bargaining unit position, the employee's annual leave carryover ceiling is reduced to the carryover ceiling for that bargaining unit. The employee is permitted to use the excess annual leave over the bargaining unit ceiling during the leave year in which the permanent assignment is effective.

512.4 Authorizing Annual Leave

512.41 Requests for Annual Leave

512.411 General

Except for emergencies, annual leave for all employees except postmasters must be requested on PS Form 3971 and approved in advance by the appropriate supervisor. Leave requests from rural carriers must be approved in accordance with Article 10 of the USPS-NRLCA National Agreement.

512.412 Emergencies

An exception to the advance approval requirement is made for emergencies; however, in these situations, the employee must notify appropriate postal authorities of the emergency and the expected duration of the absence as soon as possible.

When sufficient information is provided to determine that the absence may be covered by the Family and Medical Leave Act (FMLA), Department of Labor Form WH 380, *Certification of Health Care Provider (Family and Medical Leave Act of 1993);* Publication 71, *Notice for Employees Requesting Leave for Conditions Covered by the Family and Medical Leave Act;* and a return envelope will be mailed to the employee's address of record. A PS Form 3971 will be provided to the employee upon his or her return to duty.

When sufficient information to determine that the absence is covered by FMLA is not provided in advance of the absence, the employee must submit a PS Form 3971 and applicable medical or other certification upon returning to duty and explain the reason for the emergency to his or her supervisor.

Supervisors approve or disapprove the leave request. When the request is disapproved, the absence may be recorded as LWOP or absent without leave (AWOL) at the discretion of the supervisor as outlined in 512.422.

512.42 PS Form 3971 Request for or Notification of Absence

512.421 Purpose

Request for annual leave is made in writing, in duplicate, on PS Form 3971.

512.422 Approval or Disapproval

The supervisor is responsible for approving or disapproving the request for annual leave by signing PS Form 3971, a copy of which is given to the employee. If a supervisor does not approve a request for leave, the Disapproved block on PS Form 3971 is checked and the reasons given in writing in the space provided. When a request is disapproved, the granting of any alternate type of leave, if any, must be noted along with the reasons for disapproval. AWOL determinations must be similarly noted.

512.423 Retention and Disposal Period

Forms 3971 are retained by the installation head for 2 years from the date the leave is taken or disapproved and are then destroyed. (Documents that become a part of a disciplinary file or administrative proceeding will be disposed of with that file.)

512.43 Insufficient Leave Balance

If the leave is approved and the employee has an insufficient leave balance, it is changed to LWOP when the employee's pay is processed.

512.5 Leave Charge Information

512.51 Full-Time Employees

512.511 Minimum Unit Charge

Minimum unit charges for full-time employees are as follows:

Employee Category	Minimum Unit Charge
All full-time nonexempt employees.	One-hundredth of an hour (0.01 hour).
Full-time exempt.	(See 519.7.)
Regular rural carriers.	1 day (8 hours).
Substitute rural carriers and RCAs when in a leave-earning status and serving:	
1. Vacant routes.	1 day (8 hours).
2. Routes from which rural carriers are on extended leave.	1 day (8 hours).
RCAs when in a leave-earning status and serving auxiliary routes.	1 hour.
Auxiliary rural carriers.	1 hour.
Triweekly rural carriers.	(See 512.54.)

512.512 Holidays

Leave cannot be charged for national legal holidays, days designated as holidays, or absences authorized by administrative order.

Exception: If an employee shown to be eligible in 434.422 elects to receive annual leave credit in lieu of holiday leave pay (see 512.65), annual leave may be charged to supplement work hours, up to the limit of the employee's regular work schedule, on the holiday worked.

512.513 **Leave for Postmasters and Installation Heads**

These employees must (a) promptly report emergency or planned absences exceeding 5 working days to their postal managers and (b) maintain accurate records of their leave.

512.514 **Rural Carriers (Regular and Substitute)**

See 512.53 and 512.55.

512.52 Part-Time Employees

512.521 **Minimum Unit Charge**

Minimum unit charges for part-time employees are as follows:

Employee Category	Minimum Unit Charge
All part-time nonexempt employees.	One-hundredth of an hour (0.01 hour).
Part-time exempt employees.	(See 519.)

512.522 **Part-Time Regular**

A part-time regular employee who is granted annual leave and performs service on the same day is not allowed to take more leave hours than would total 8 hours when combined with workhours.

512.523 **Part-Time Flexible**

The following provisions concern part-time flexible employees:

a. A part-time flexible employee who has been credited with 40 hours or more of paid service (work, leave, or a combination of work and leave) in a service week is not granted paid annual or sick leave during the remainder of that service week. Absences in such cases are treated as nonduty time, not chargeable to paid leave of any kind. Supervisors should avoid granting leave resulting in the requirement for overtime pay.

b. Part-time flexible employees who request leave on days that they are scheduled to work, except legal holidays, may be granted leave provided they can be spared. The combination of leave and workhours charged to these employees cannot exceed 8 hours on any one day. The installation head may also consider a request for annual leave on any day a part-time flexible employee is not scheduled to work. The 40 hours paid service in a service week specified in 512.523a may not be exceeded.

512.524 **A–E Postmasters**

The following provisions concern A–E postmasters:

a. *Maximum Leave.* Annual leave may not exceed the scheduled service hours for the day on which the leave is taken.

b. *Saturday Absences.* A–E postmasters work a 6-day week. Absence on Saturday that occurs within or at the beginning or end of a period of annual leave or sick leave is not charged to such leave, nor is there loss of compensation provided either of the following is true:

(1) There are 5 or more days of annual or sick leave within the period.

(2) There are 4 or more days of annual or sick leave plus a holiday. If the holiday falls on a Saturday that is a scheduled workday, absence on the preceding Friday is not charged to leave. If the leave period is for less than 4 days, absence on Friday is charged to leave.

512.53 Regular Rural Carriers

512.531 General

Annual leave is earned by a regular rural carrier in accordance with 512.311 and the terms of the applicable collective bargaining agreement. It is taken in minimum units of 1 day (8 hours) provided a leave replacement is available.

512.532 Saturday Absences

Rules for approved absences of regular rural carriers, substitute rural carriers, or RCAs in a leave-earning status are subject to the specific conditions of the USPS-NRLCA National Agreement. Accordingly, the following apply:

a. Absence on Saturday that occurs within or at the beginning or end of a period of annual leave or sick leave is not charged to such leave, nor is there loss of compensation provided the appropriate leave balance on the PS Form 1223-A, *Earnings Statement,* reflects at least 6 days of leave and either of the following is true:

(1) There are more than 5 days of annual or sick leave within the period.

(2) There are more than 4 days of annual or sick leave plus a holiday. If the holiday falls on a Saturday that is a scheduled workday, absence on the preceding Friday is not charged to leave. If the leave period is 4 days or less, absence on Friday is charged to leave.

b. Interruption during the approved period of annual or sick leave by 1 day of court leave due to circumstances beyond the carrier's control does not disqualify the carrier for coverage as provided above.

c. Upon request, a rural carrier is granted annual leave or LWOP on Saturday, at the carrier's option, provided a replacement is available.

512.54 Triweekly Rural Carriers

512.541 Week's Absence

Carriers who are absent for a week on sick or annual leave are charged with 5 days' leave.

512.542 Absences Less Than a Week

Carriers who are absent for less than a week at a time are charged with 2 days' leave for each workday of absence.

512.543 Leave Carryover

The carrier may end the year with 1 day of unused annual leave. This day may be carried forward into another leave year provided the total carried forward does not exceed 55 days, except as provided in 512.321.

512.55 Leave Replacements for Rural Carriers

512.551 General

After a rural carrier or RCA has been assigned to and served in excess of 90 days in a vacant route or in a route from which a rural carrier is on extended leave, or after an RCA has been assigned to and served in excess of 90 days in an auxiliary route, he or she may take the accrued annual leave. Annual leave is granted in accordance with normal leave requirements and the terms of the applicable collective bargaining agreement. It is granted in minimum units of 1 day for regular routes or 1 hour for auxiliary routes provided a leave replacement is available.

512.552 Ninety-Day Qualifying Period

Substitute carriers and RCAs qualify for taking leave after being assigned as the primary leave replacement and serving in excess of 90 days in (a) a vacant route or (b) a route from which the rural carrier is on extended leave. RCAs also qualify for taking leave after being assigned to and serving an auxiliary route in excess of 90 days. A break in service of 1 or more workdays breaks continuity of employment, and the substitute carrier or RCA must begin a new 90-day qualifying period. Normally a break in service occurs only when the regular carrier returns or when the vacant route is filled by the appointment of a new regular rural carrier. A break in service does not mean absence from the route on a nonscheduled workday or absence in approved leave status, including LWOP. The first day of the pay period following 90 days of service, the substitute carrier or RCA is credited with annual leave accrued for the 90-day qualifying period. (In determining the employee's leave category, credit is also given for prior service as a substitute rural carrier or RCA.)

512.553 Lump Sum Payment

When regular rural carriers return to duty, substitute replacement carriers who earn leave are given lump sum payments for the annual leave to their credit if they have been in a leave-earning capacity. The lump sum payment is not made if the substitute replacement carrier is converted to a career position without a break in service and continues to earn leave.

512.56 Auxiliary Rural Carriers

Auxiliary rural carriers earn leave based on the number of hours worked and in accordance with the appropriate leave category. Leave is credited as earned. These carriers are granted leave in increments of 1 hour.

512.6 Vacation Planning and Special Programs

512.61 Bargaining Unit Employees Vacation Planning

For these employees, leave is subject to specific vacation planning provisions of applicable collective bargaining agreements. Note also:

a. For all regular employees, both full-time and part-time, vacation leave is granted when requested to the extent practicable.

b. For part-time flexible employees, vacation planning is limited to accumulated and accrued leave.

512.62 Nonbargaining Unit Employees Vacation Planning

Vacation leave is granted to these employees when their services can best be spared. Postmasters and other responsible officials must schedule leave so that (a) employees do not forfeit leave and (b) postal operations are not impaired.

512.63 Annual Leave Exchange

512.631 General

The annual leave exchange program provides eligible employees with the opportunity to receive cash in exchange for leave that they will earn during the next leave year. Accumulated leave and leave accrued during the current leave year cannot be exchanged under this program. The terms and conditions for exchanging leave vary for bargaining unit and nonbargaining unit employees and are explained in the instructions mailed to eligible employees before the open season November 15 through December 15 each year.

512.632 Bargaining Unit Annual Leave Exchange

Certain national collective bargaining agreements provide a leave exchange option for covered employees. Eligibility and the other terms and conditions for this option are set forth in the applicable collective bargaining agreements and information related to administering the program.

512.633 Nonbargaining Unit Annual Leave Exchange

Career employees permanently assigned to a nonbargaining unit position are provided the option at the end of the calendar year to exchange for cash a given number of hours of the annual leave they would otherwise earn during the next leave year. The minimum and maximum number of hours allowed each year, as well as the leave balance the employee must have at the end of the leave year in which the election is made, and any other requirements, are determined by consultation with Postal Service management associations and specified in information related to administering the program.

512.634 Processing Annual Leave Exchange Options

Open season for the annual leave exchange program runs from November 15 to December 15 each year. Eligible employees are notified of the election before the open season. The exchange is effective the first full pay period of the new leave year.

Note: Postal employees may not exchange leave already earned that exceeds the Postal Service leave carryover limit due to Internal Revenue Service “constructive receipt” regulations.

512.64 Annual Leave Sharing

The annual leave-sharing program provides employees the opportunity to receive and use donated annual leave and to donate their annual leave to another employee under certain conditions. The program is limited to career nonbargaining unit and bargaining unit employees and to noncareer employees designated as transitional employees (TEs) under certain collective bargaining agreements. The terms and conditions for this program are set forth in applicable collective bargaining unit agreements and memorandums of understanding. Instructions for administration of the terms

and conditions are found in Management Instruction EL-510-2003-2, *Annual Leave Sharing Program.*

512.65 Annual Leave Credit in Lieu of Holiday Leave Pay

Employees shown to be eligible in 434.422 who work a holiday may elect to receive annual leave credit in lieu of holiday leave pay. If they do so and then work only a partial day, they may use LWOP, annual leave, or sick leave (if they become ill during their scheduled tour) to supplement work hours, up to the limit of their regular work schedule, on the holiday worked.

512.7 Separation Adjustments

512.71 Terminal Leave Worksheet

If an employee is not transferring to another federal agency and is separating from the Postal Service, the Eagan ASC furnishes the separating installation with PS Form 2246, *Terminal Leave Worksheet,* for filing in the employee's official personnel folder. (For transfers to other federal agencies, see 512.8.)

512.72 Collection for Unearned Leave

512.721 Refund

Separating employees who are indebted for unearned annual leave or sick leave must refund the amount paid to them for such unearned leave. If employees do not make refunds, deductions are made from any funds that are due them.

512.722 Exception

Collection is not required in cases of death or in the case of separation due to a disability that prevents an employee from returning to duty or continuing in the Postal Service.

512.73 Lump Sum Terminal Leave Payment

512.731 General

Separating employees may receive lump sum terminal leave payments subject to the following conditions:

a. *Completion of Qualifying Period.* Except for those employees identified under 512.812, employees who separate before completing the 90-day qualifying period forfeit terminal leave payment for accrued leave. Employees who complete the 90-day qualifying period, even if separated at the close of business on day 90, may be entitled to terminal leave payment for accrued leave.

b. *Completion of Pay Period.* Employees whose separation is effective before the last Friday of a pay period do not receive leave credit or terminal leave payment for the leave that would have accrued during that pay period.

512.732 Entitlement Amounts

Separating employees may receive lump sum terminal leave payments as follows:

a. *Nonbargaining Unit Employees.* Nonbargaining unit employees may receive a lump sum leave payment for accumulated annual leave carried over from the previous year; accrued annual leave for the year

in which they separate, including amounts over the carryover maximum; any unused donated leave; and for full-time and part-time regular employees, holidays that fall within the terminal leave period.

b. *Bargaining Unit Employee.* Bargaining unit employees may receive a lump sum leave payment:

(1) If separating other than under the Voluntary Early Retirement Authority (VERA), for accumulated annual leave carried over from the previous year; accrued annual leave for the year in which they separate, up to the carryover maximum for their bargaining unit (see 512.32); any unused donated leave; and for full-time and part-time regular employees, holidays that fall within the terminal leave period. Any part of the unused annual leave earned during the leave year of separation that is in excess of the maximum carryover amount is granted prior to separation rather than paid out in the form of a lump sum payment. No payment is made for unused leave that the employee would have been required to forfeit at the end of the leave year.

(2) If separating under VERA, for accumulated annual leave carried over from the previous year; accrued annual leave for the year in which they separate, including amounts over the carryover maximum for their bargaining unit; any unused donated leave; and for full-time and part-time regular employees, holidays that fall within the terminal leave period.

Note: Transitional employees receive payment for accrued annual leave at the end of their appointment.

512.733 **Separation for Military Service**

Employees who separate to enter active U.S. military duty may choose to receive a lump sum leave payment or to have their accrued annual leave balance held for credit until they return to Postal Service duty.

512.734 **Separation Followed by Reemployment**

Employees who receive a lump sum leave payment on separation from a Postal Service position (or a federal position under the federal leave system) and who are reemployed or reinstated to a leave-earning status before the period covered by the payment expires must refund to the Postal Service in full the payment for the overlapping period. These employees may then be recredited (see 512.9) with leave.

512.735 **Absence of Relationship to Annuity Payment**

Lump sum payment for annual leave at the time of retirement does not affect the amount or commencement date of annuity payments.

512.736 **Payment to Beneficiaries or Estates of Employees Who Die in Service**

If employees die in service, terminal leave payments are made as follows:

a. The beneficiaries or estates of nonbargaining unit employees receive terminal leave payments that are the same as the payments to which the employees would have been entitled if they had separated while living (see 512.732a).

b. The beneficiaries or estates of bargaining unit employees receive terminal leave payments that are the same as the payments to which

the employees would have been entitled if they had separated while living (see 512.732b1) with the provision that the amount includes payment for accrued annual leave in excess of the maximum carryover amount that the employees could have taken if they had lived to the end of the leave year, but not for accrued annual leave that the employees would have been required to forfeit.

512.8 Transfers

512.81 Transfer Without a Break in Service

512.811 From the Postal Service to a Federal Agency

The Eagan ASC furnishes the agency gaining the employee with SF 1150. (A copy of SF 1150 is *not* sent to the losing installation.) When necessary, the Postal Service collects for used but unearned leave (see 512.721). When the receiving agency is unable to transfer a leave balance in excess of its leave carryover limit, the employee receives a lump sum payment for earned annual leave that cannot be transferred. The lump sum is calculated by multiplying the person's postal hourly rate times the number of earned annual leave hours that cannot be transferred.

512.812 From a Federal Agency to the Postal Service

Leave credit must be transferred to the employee's leave account. However, leave that may be transferred is limited to the leave carryover limit applicable to the Postal Service position to be filled. The employee should not have to take LWOP because of delay in transferring leave:

a. If the SF 1150 does not reach the Eagan ASC before the employee has to take leave, the Eagan ASC may contact the losing agency to request the employee's leave balance.

b. If LWOP cannot be avoided, the record can be adjusted when the SF 1150 is received to show paid leave unless the employee requests that the LWOP remain unchanged.

512.82 Transfer With a Break in Service

An employee who moves from the Postal Service to another federal agency after a break in service is separated (see 512.7) and later reemployed (see 512.9). Any accumulated leave is not transferred, but is paid for in a lump sum.

512.9 Recrediting Annual Leave

512.91 Policy

Annual leave that may be recredited consists of leave earned under any of the leave systems merged under the Annual and Sick Leave Act of 1951. However, annual leave that is already forfeited cannot be recredited.

Annual leave is recredited under the act for:

a. Employees who are reemployed before the period covered by the lump sum payment expires.

b. Employees who transferred to a position that is not under an annual leave system and transferred back to the Postal Service without a

break in Postal Service service of more than 52 continuous calendar weeks.

c. Employees who return to pay and duty status following a period of suspension or involuntary separation (i.e., cases of retroactive reversals of disciplinary action).

512.92 Procedures

512.921 Leave Earned in Prior Service in the Postal Service

See 512.734.

512.922 Leave Earned at Another Agency

When an employee makes application for recredit of leave earned in another agency, the Postal Service contacts the other agency to determine if leave was forfeited at the time of separation. If not, the agency is asked to certify the leave account. The following applies:

a. If the agency cannot find the leave record, the Postal Service will accept a statement or other evidence of leave credits. The statement should include an estimate of leave credit and reflect the factors forming the basis of the estimate.

b. If the leave record or statement justifies it, the amount of leave shown is recredited.

512.923 Leave Buy-Back — OWCP

The following provisions concern leave buy-back:

a. Under the provisions of the Injury Compensation Program, current employees may be permitted to buy back sick and annual leave they used while awaiting adjudication of their cases by OWCP. In traumatic injury cases, employees may be permitted to buy back only the leave that is used after the end of the 45-day continuation-of-pay period.

b. When the employee buys back annual leave for a previous year that exceeds the applicable maximum (see 512.32), the excessive leave is automatically forfeited. Employees are allowed to buy back only those hours that can be carried forward.

c. Some loss of leave may occur when the period of absence is changed to an LWOP status as a result of leave buy-back. For every 80 hours of paid leave bought back and changed to LWOP, both annual and sick leave are adjusted by the amount earned in 1 pay period. The employee must be informed of this so there will be no misunderstanding.

See Exhibit 514.4, item e, for further information.

513 Sick Leave

513.1 Purpose

513.11 Sick Leave for Employee Incapacitation

Sick leave insures employees against loss of pay if they are incapacitated for the performance of duties because of illness, injury, pregnancy and confinement, and medical (including dental or optical) examination or treatment.

513.12 Sick Leave for Dependent Care

A limited amount of sick leave may also be used to provide for the medical needs of a family member. Nonbargaining unit employees, and bargaining unit employees if provided in their national agreements, are allowed to take up to 80 hours of their accrued sick leave per leave year to give care or otherwise attend to a family member (as defined in 515.2) with an illness, injury, or other condition that, if an employee had such a condition, would justify the use of sick leave. If leave for dependent care is approved, but the employee has already used the maximum 80 hours of sick leave allowable, the difference is charged to annual leave or to LWOP at the employee's option. (See 515 for information about FMLA entitlement to be absent from work.)

513.2 Accrual and Crediting

513.21 Accrual Chart

Time accrued is as follows:

Employee Category	Time Accrued
Full-time employees.	4 hours for each full biweekly pay period — i.e., 13 days (104 hours) per 26-period leave year.
Part-time employees.	1 hour for each unit of 20 hours in pay status up to 104 hours (13 days) per 26-period leave year.

513.22 Crediting

513.221 General

Sick leave is credited at the end of each biweekly pay period in which it is earned. Sick leave (earned and unused) accumulates without limitation.

513.222 Part-Time Employees

Part-time employees are not credited with sick leave in excess of 13 days (104 hours) per 26-period leave year.

513.223 Leave Replacements for Rural Carriers

Substitute rural carriers or RCAs assigned to and serving (a) a vacant route or (b) a route from which the rural carrier is on extended leave, and RCAs assigned to and serving an auxiliary route are credited with sick leave starting with the first pay period following the 90-day qualifying period.

513.224 Auxiliary Rural Carriers

Auxiliary rural carriers are not credited with sick leave in excess of 104 hours per leave year. If they serve in another capacity (e.g., flexible employees) in the Post Office, that service is also used in computing sick leave credit (see 513.21).

513.225 Substitute Rural Carriers in Dual Appointment

Substitute rural carriers in dual appointments earn sick leave only when their service is performed in a position that is subject to the Civil Service Retirement Act. The leave can be used only while they are serving in a leave-earning position.

513.226 Leave Credit Adjustment for LWOP

See 514.24.

513.3 Authorizing Sick Leave

513.31 Policy

513.311 General

Sick leave cannot be granted until it is earned, except as provided in 513.5.

513.312 Restriction

An employee who is in sick leave status may *not* engage in any gainful employment unless prior approval has been granted by appropriate authority (see 662, Federal Standards of Ethical Conduct).

513.32 Conditions for Authorization

Conditions for authorization are as follows:*

Conditions	
Illness or injury.	If the employee is incapacitated for the performance of official duties.
Pregnancy and confinement.	If absence is required for physical examinations or periods of incapacitation.
Medical, dental, or optical examination or treatment.	If absence is necessary during the employee's regular scheduled tour.
For eligible employees (as indicated in 513.12), care for a family member (as defined in 515.2).	Up to 80 hours of accrued sick leave per leave year if the illness, injury, or other condition is one that, if an employee had such a condition, would justify the use of sick leave.
Contagious disease. A contagious disease is a disease ruled as requiring isolation, quarantine, or restriction of movement of the patient for a particular period by the health authorities having jurisdiction.	If the employee (1) must care for a family member afflicted with a contagious disease, (2) has been exposed to a contagious disease and would jeopardize the health of others, or (3) has evidence supplied by the local health authorities or a certificate signed by a physician certifying the need for the period of isolation or restriction.
Medical treatment for disabled veterans.	If the employee (1) presents a statement from a duly authorized medical authority that treatment is required, and (2) when possible, gives prior notice of the definite number of days and hours of absence. (Such information is needed for work scheduling purposes.)

* *Sick leave, annual leave, or LWOP is granted as may be necessary for any of these conditions in accordance with normal leave policies and collective bargaining agreements. (See also 513.6 and 514.22.)*

513.33 Requests for Sick Leave

513.331 General

Except for unexpected illness or injury situations, sick leave must be requested on PS Form 3971 and approved in advance by the appropriate supervisor.

513.332 Unexpected Illness or Injury

An exception to the advance approval requirement is made for unexpected illness or injuries; however, in this situation the employee must notify appropriate postal authorities of his or her illness or injury and expected duration of the absence as soon as possible.

When sufficient information is provided to determine that the absence may be covered by the Family and Medical Leave Act (FMLA), Department of Labor Form WH 380, *Certification of Health Care Provider (Family and Medical Leave Act of 1993);* Publication 71, *Notice for Employees Requesting Leave for Conditions Covered by the Family and Medical Leave Act;* and a return envelope will be mailed to the employee's address of record. A PS Form 3971 will be provided to the employee upon his or her return to duty. When sufficient information to determine that the absence is covered by FMLA is not provided in advance of the absence, the employee must submit a PS Form 3971 and applicable medical or other certification upon returning to duty and explain the reason for the absence. Employees may be required to submit acceptable evidence of incapacity to work as outlined in the provisions of 513.36, Sick Leave Documentation Requirements, or noted on the reverse of PS Form 3971 or Publication 71, as applicable.

The supervisor approves or disapproves the leave request. When the request is disapproved, the absence may be recorded as annual leave or, if appropriate, as LWOP or AWOL, at the discretion of the supervisor as outlined in 513.342.

513.34 PS Form 3971, Request for or Notification of Absence

513.341 General

Request for sick leave is made in writing, in duplicate, on PS Form 3971. If the absence is to care for a family member, this fact is to be noted in the Remarks section.

513.342 Approval or Disapproval

The supervisor is responsible for approving or disapproving requests for sick leave by signing PS Form 3971, a copy of which is given to the employee. If a supervisor does not approve a request for leave as submitted, the Disapproved block on the PS Form 3971 is checked and the reason(s) given, in writing, in the space provided. When a request is disapproved, the granting of any alternate type of leave, if any, must be noted along with the reason for the disapproval. AWOL determinations must be similarly noted.

513.35 Postmaster Absences

There are special requirements for postmaster absences:

a. *Leave Replacement.* A postmaster whose absence requires the hiring of a leave replacement must notify the appropriate official.

b. *Absence Over 3 Days.* A postmaster who is absent in excess of 3 days must submit PS Form 3971 within 2 days of returning to duty or, for an extended illness, at the end of each accounting period.

513.36 Sick Leave Documentation Requirements

513.361 Three Days or Less

For periods of absence of 3 days or less, supervisors may accept the employee's statement explaining the absence. Medical documentation or other acceptable evidence of incapacity for work or need to care for a family member is required only when the employee is on restricted sick leave (see 513.39) or when the supervisor deems documentation desirable for the protection of the interests of the Postal Service. Substantiation of the family relationship must be provided if requested.

513.362 Over Three Days

For absences in excess of 3 days, employees are required to submit medical documentation or other acceptable evidence of incapacity for work or of need to care for a family member and, if requested, substantiation of the family relationship.

513.363 Extended Periods

Employees who are on sick leave for extended periods are required to submit at appropriate intervals, *but not more frequently than once every 30 days,* satisfactory evidence of continued incapacity for work or need to care for a family member unless some responsible supervisor has knowledge of the employee's continuing situation.

513.364 Medical Documentation or Other Acceptable Evidence

When employees are required to submit medical documentation, such documentation should be furnished by the employee's attending physician or other attending practitioner who is performing within the scope of his or her practice. The documentation should provide an explanation of the nature of the employee's illness or injury sufficient to indicate to management that the employee was (or will be) unable to perform his or her normal duties for the period of absence. Normally, medical statements such as "under my care" or "received treatment" are not acceptable evidence of incapacitation to perform duties.

Supervisors may accept substantiation other than medical documentation if they believe it supports approval of the sick leave request.

513.365 Failure to Furnish Required Documentation

If acceptable substantiation of incapacitation is not furnished, the absence may be charged to annual leave, LWOP, or AWOL.

513.37 Return to Duty

An employee returning from an FMLA-covered absence because of his or her own incapacitation must provide documentation from his or her health care provider that he or she is able to perform the functions of the position with or without limitation. Limitations described are accommodated when practical. Bargaining unit employees must also comply with requirements in 865.

513.38 Performance Ability Questioned

When the reason for an employee's sick leave is of such a nature as to raise justifiable doubt concerning the employee's ability to satisfactorily and/or safely perform duties, a *fitness-for-duty medical examination* is requested through appropriate authority. A complete report of the facts, medical and otherwise, should support the request.

513.39 Restricted Sick Leave

513.391 Reasons for Restriction

Supervisors or installation heads who have evidence indicating that an employee is abusing sick leave privileges may place the employee on the restricted sick leave list. In addition, employees may be placed on the restricted sick leave list after their sick leave use has been reviewed on an individual basis and the following actions have been taken:

a. Establishment of an absence file.

b. Review of the absence file by the immediate supervisor and higher levels of management.

c. Review of the absences during the past quarter of LWOP and sick leave used by employees. (No minimum sick leave balance is established below which the employee's sick leave record is automatically considered unsatisfactory.)

d. Supervisor's discussion of absence record with the employee.

e. Review of the subsequent quarterly absences. If the absence logs indicate no improvement, the supervisor is to discuss the matter with the employee to include advice that if there is no improvement during the next quarter, the employee will be placed on restricted sick leave.

513.392 Notice and Listing

Supervisors provide written notice to employees that their names have been added to the restricted sick leave listing. The notice also explains that, until further notice, the employees must support *all* requests for sick leave by medical documentation or other acceptable evidence (see 513.364).

513.393 Recision of Restriction

Supervisors review the employee's PS Form 3972 for each quarter. If there has been a substantial decrease in absences charged to sickness, the employee's name is removed from the restricted sick leave list and the employee is notified in writing of the removal.

513.4 Charging Sick Leave

513.41 Full-Time Employees

513.411 General

General provisions are as follows:

a. Sick leave is not charged for legal holidays or for nonworkdays established by Executive Order.

Exception: If employees shown to be eligible in 434.422 elect to receive annual leave credit in lieu of holiday leave pay (see 512.65) and then become ill during their scheduled tour, sick leave may be charged to supplement work hours, up to the limit of their regular

work schedule, on the holiday worked, provided the requirements of section 513.32 are met.

b. Sick leave may be charged on any scheduled workday of an employee's basic workweek.

513.412 **Minimum Unit Charge**

Minimum unit charges are as follows:

Employee Category	Minimum Unit Charge
All full-time nonexempt employees.	One-hundredth of an hour (0.01 hour).
Full-time exempt.	(See 519.7)
Regular rural carriers.	1 day (8 hours).
Substitute rural carriers and RCAs when in a leave-earning status and serving:	
1. Vacant routes.	1 day (8 hours).
2. Routes from which rural carriers are on extended leave.	1 day (8 hours).
RCAs when in a leave-earning status and servicing auxiliary routes.	1 hour.
Auxiliary rural carriers.	1 hour.
Triweekly rural carriers.	(See 512.54).

513.413 **Special Situations**

The following provisions concern special situations:

a. *A–E Postmasters.* A–E postmasters are charged sick leave the same as annual leave (see 512.524).

b. *Rural Carriers.* Rural carriers who are absent because of illness on Saturdays are charged sick leave based on the computations used for their annual leave charges (see 512.53).

c. *Replacement Rural Carriers.* Substitute rural carriers and RCAs in a leave earning status and serving (a) vacant routes and (b) routes from which rural carriers are on extended leave are charged sick leave in the same manner as rural carriers. RCAs in a leave earning status and serving auxiliary routes are charged sick leave in the same manner as auxiliary rural carriers.

d. *Triweekly Rural Carriers.* Triweekly rural carriers are charged sick leave the same as for annual leave (see 512.54).

513.42 Part-Time Employees

513.421 **General**

General provisions are as follows:

a. Absences due to illness are charged as sick leave on any day that an hourly rate employee is scheduled to work except national holidays.

Exception: If employees shown to be eligible in 434.422 elect to receive annual leave credit in lieu of holiday leave pay (see 512.65), sick leave may be charged to supplement work hours, up to the limit of their regular work schedule, on the holiday worked, provided the requirements of section 513.32 are met.

b. Except as provided in 513.82, paid sick leave may not exceed the number of hours that the employee would have been scheduled to work, up to:

(1) A maximum of 8 hours in any one day.

(2) 40 hours in any one week.

(3) 80 hours in any one pay period. If a dispute arises as to the number of hours a part-time flexible employee would have been scheduled to work, the schedule is considered to have been equal to the average hours worked by other part-time flexible employees in the same work location on the day in question.

c. Limitations in 513.421b apply to paid sick leave only and not to a combination of sick leave and workhours. However, part-time flexible employees who have been credited with 40 hours or more of paid service (work, leave, or a combination of work and leave) in a service week are not granted sick leave during the remainder of that service week. Absences, in such cases, are treated as nonduty time that is not chargeable to paid leave of any kind. (Sick leave is not intended to be used to supplement earnings of employees.)

513.422 **Minimum Unit Charge**

Minimum unit charges are as follows:

Employee Category	Minimum Unit Charge
All part-time nonexempt employees.	One-hundredth of an hour (0.01 hour).
Part-time exempt employees.	(See 519.7.)

513.5 Advanced Sick Leave

513.51 Policy

513.511 **May Not Exceed Thirty Days**

Sick leave not to exceed 30 days (240 hours) may be advanced in cases of an employee's serious disability or illness if there is reason to believe the employee will return to duty. Sick leave may be advanced whether or not the employee has an annual leave or donated leave balance.

513.512 **Medical Document Required**

Every request for advanced sick leave must be supported by medical documentation of the illness.

513.52 Administration

513.521 **Installation Heads' Approval**

Officials in charge of installations are authorized to approve these advances without reference to higher authority.

513.522 **Forms Forwarded**

PS Form 1221, *Advanced Sick Leave Authorization,* is completed and forwarded to the Eagan ASC when advanced sick leave is authorized.

513.53 Additional Sick Leave

513.531 Thirty-Day Maximum

Additional sick leave may be advanced even though liquidation of a previous advance has not been completed provided the advance at no time exceeds 30 days. Any advanced sick leave authorized is in addition to the sick leave that has been earned by the employee at the time the advance is authorized.

513.532 Liquidating Advanced Sick Leave

The liquidation of advanced sick leave is not to be confused with the substitution of annual leave for sick leave to avoid forfeiture of the annual leave. Advanced sick leave may be liquidated in the following manner:

a. Charging the sick leave against the sick leave earned by the employee as it is earned upon return to duty.

b. Charging the sick leave against an equivalent amount of annual leave at the employee's request provided the annual leave charge is made prior to the time such leave is forfeited because of the leave carryover limit.

513.6 Leave Charge Adjustments

513.61 Insufficient Sick Leave

If sick leave is approved but the employee does not have sufficient sick leave to cover the absence, the difference is charged to annual leave or to LWOP at the employee's option.

513.62 Insufficient Sick and Annual Leave

If sick leave is approved for employees who have no annual or sick leave to their credit, the absence may be charged as LWOP unless sick leave is advanced as outlined in 513.5. LWOP so charged cannot thereafter be converted to sick or annual leave.

513.63 Disapproved Sick Leave

If sick leave is disapproved, but the absence is nevertheless warranted, the supervisor may approve, at the employee's option, a charge to annual leave or a charge to LWOP.

513.64 Absence Without Leave

An absence that is disapproved is charged as LWOP and may be administratively considered as AWOL.

513.65 Annual Leave Changed to Sick Leave

If an employee becomes ill while on annual leave and the employee has a sick leave balance, the absence may be charged to sick leave.

513.7 Transfer or Reemployment

513.71 Transfer

513.711 Crediting

Individuals who are transferring from a federal agency to the Postal Service are credited with their sick leave balance provided there is not a break in service in excess of 3 years.

513.712 **Recrediting**

The following provisions concern recrediting:

a. If a Postal Service employee transfers to a position under a different leave system to which only a part of the employee's sick leave can be transferred, the sick leave is recredited if the individual returns to the Postal Service provided there is not a break in service in excess of 3 years.

b. If a Postal Service employee transfers to a position to which sick leave cannot be transferred, the sick leave is recredited if the individual returns to the Postal Service provided there is not a break in service in excess of 3 years.

513.72 Reemployment

Sick leave may be recredited upon reemployment provided there is not a break in service in excess of 3 years.

Note: For sick leave to be recredited, the employee must be reemployed in a position where sick leave may be earned and used.

513.73 Reemployment — OWCP

All individuals who were originally separated and who are subsequently reemployed from a continuous period on OWCP rolls have any previously unused sick leave recredited to their account, regardless of the length of time these employees were on OWCP and off postal rolls.

Exception: Sick leave may not be recredited if an employee applied and was approved for disability retirement regardless of whether the employee actually collected the annuity.

513.8 Retirements or Separations

513.81 General

No payment is made for accumulated sick leave when an employee retires or separates from Postal Service employment.

513.82 Retirement

513.821 **Credit for Sick Leave**

Provisions of the Civil Service Retirement Act provide for the granting of credit for unused sick leave in calculating retirement or survivor annuity at the time of the employee's retirement or death (see 562.4). Each 8 hours of sick leave represents 1 day of retirement credit. Unused sick leave days are converted to calendar time retirement credit, based on a 260-day workyear (260 days x 8 hours = 2,080 hours). There are no provisions for credit of sick leave upon retirement for employees under the Federal Employees Retirement System (FERS) program except for those employees who formerly were in the Civil Service Retirement System (CSRS) and transferred to FERS. See 580, Federal Employees Retirement System (FERS), for details for credit of sick leave upon retirement for FERS employees who formerly were under the CSRS coverage.

513.822 **Disability Retirement**

If the OPM has approved an application for disability retirement effective on expiration of accumulated and accrued leave, or if the employee is being

otherwise separated for physical or mental disability resulting in inability to perform the work, sick leave is granted at the rate of 8 hours per day, 40 hours per week, or 80 hours per pay period until the employee's sick leave is exhausted. Payments may not be made, however, for any hours for which the employee received salary or leave payments from another federal agency.

513.83 Separation by Death

If an ill employee dies without returning to duty and without making application for sick leave, the postal official who is in charge of the installation grants sick leave for the period of illness or disability immediately prior to death. If the employee was in pay status on the day of death or immediately prior to death, the employee's beneficiary is entitled to receive compensation without charge to leave for the date of death. The latter applies whether or not employees have leave to their credit.

513.9 Collection for Unearned Sick Leave

Collection for used but unearned sick leave at the time of separation is made in the same manner as for unearned annual leave (see 512.72).

514 Leave Without Pay

514.1 Essential Features

The following definitions apply for the purposes of 514:

a. LWOP is an authorized absence from duty in a nonpay status.

b. LWOP may be granted upon the employee's request and covers only those hours that the employee would normally work or for which the employee would normally be paid. FLSA-exempt employees must take LWOP in 1-day increments except when they are taking leave protected under the Family and Medical Leave Act (FMLA).

c. LWOP is different from AWOL (absent without leave), which is a nonpay status due to a determination that no kind of leave can be granted either because (1) the employee did not obtain advance authorization or (2) the employee's request for leave was denied.

514.2 Policy

514.21 Restriction

LWOP in excess of 2 years is not approved unless specifically provided for in postal policy or regulations.

514.22 Administrative Discretion

Each request for LWOP is examined closely, and a decision is made based on the needs of the employee, the needs of the Postal Service, and the cost to the Postal Service. The granting of LWOP is a matter of administrative discretion and is not granted on the employee's demand except as provided in collective bargaining agreements or as follows:

a. A disabled veteran is entitled to LWOP, if necessary, for medical treatment.

b. A Reservist or a National Guardsman is entitled to LWOP, if necessary, to perform military training duties under the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), Public Law 103-353.

c. An employee who requests and is entitled to time off under 515, Absence for Family Care or Serious Health Condition of Employee, must be allowed up to a total of 12 workweeks of absence within a Postal Service leave year for one or more reasons listed in 515.41.

514.23 Condition

In granting approval for extended LWOP, the granting official should have reasonable expectation that the employee will return at the end of the approved period.

514.24 Leave Credit Adjustment

Employees who are on LWOP for a period, or periods, totaling 80 hours (normal number of workhours in 1 pay period) during a leave year have their leave credits reduced by the amount of leave earned in 1 pay period.

Exception: Employees who (1) are in leave category 6, (2) are not on LWOP for the entire year, and (3) whose accumulated LWOP reaches 80 hours in the last pay period in a leave year have their leave balance reduced by only 6 hours, even if they earn 10 hours during that pay period (see 512.3). Also, no adjustment is made to the leave computation date for periods of LWOP taken for active military service or while absent due to an illness or injury approved by OWCP.

514.25 Other Employment

LWOP is not granted for the purpose of enabling an employee to “try out” or to accept other employment.

514.3 Authority to Approve

514.31 Installation Head

Installation heads may approve requests for LWOP that are not in excess of 1 year.

514.32 District Managers

District managers may approve requests for LWOP that are not in excess of 2 years.

514.4 Acceptable Reasons and Instructions

See Exhibit 514.4 for acceptable reasons and instructions for LWOP.

Exhibit 514.4
Acceptable Reasons and Instructions for LWOP

Acceptable Reasons for LWOP	Instructions
a. Personal reasons.	LWOP may be granted to cover the absence.
b. Employee has no leave to cover vacation during choice vacation period.	LWOP may be granted to cover the absence.
c. Full-time attendance at a college or university.	1. Restricted to full-time employee. 2. An official transcript of courses taken must be submitted to the installation head.
d. Personal illness or injury (also see 515).	1. An employee may utilize annual and/or sick leave in conjunction with LWOP, subject to approval of the leave in accordance with normal leave approval procedures. An employee need not exhaust annual leave and/or sick leave before requesting leave without pay. 2. A medical document from the attending physician or practitioner must be obtained before approval, the same as for sick leave. 3. Applications for LWOP to cover a period in excess of 30 days in any 1 year in cases of illness or injury are reviewed and acted upon by the installation head. 4. An employee normally will not be separated from the service because of absence due to personal illness or injury for a period of less than 1 year (also see 568). An employee may be separated if required to be absent for more than 1 year unless there is cause to expect recovery and return within a reasonable time after the end of 1 year in LWOP status. 5. The separation of an employee after 1 year of continued absence with or without pay does not prevent an eligible employee from filing an application for retirement (also see 568).
e. Injury in line of duty.	1. Supervisors must advise employees of their right to file an application for FECA benefits as a result of illness or injury that is suffered in the line of duty. (See instructions on CA-1 and CA-2a for traumatic injuries and CA-2 for occupational illnesses and diseases.) 2. In traumatic injury cases, an employee is entitled to a maximum of 45 calendar days of continuation of pay (COP) without charge to leave if written notice of injury is filed within 30 days of injury. The period of COP begins at the start of the employee's first full tour of duty thereafter, or the first day following the disability, whichever occurs sooner. The period during which 45 days of COP may be claimed must begin within 90 days of the occurrence of the injury but may end after 90 days from the occurrence. If, after returning to work subsequent to an apparent recovery from a traumatic injury, an employee is again absent from work as a result of the original traumatic injury, the employee may use any remaining COP time left up to the 45-day limit. However, the remaining COP time must be used within 90 days of the date the employee first returns to work following the initial traumatic injury. 3. An employee may choose sick or annual leave in lieu of COP; however, this leave may be retroactively converted to COP provided a request is made within 1 year of the date the leave was used or the date of the claim approval, whichever is later. 4. Before being placed on LWOP, an employee may choose to use annual or sick leave until it is exhausted. Leave is earned during that part of a pay period in which the employee is in pay status. 5. On favorable adjudication of a claim by the Office of Workers' Compensation Programs (OWCP), LWOP may be substituted for a period of sick and/or annual leave so that the employee may accept disability compensation for the period of absence. 6. On favorable adjudication of a claim by OWCP, current employees may be permitted to buy back the leave that they used while awaiting adjudication (see 545.84). If the injury is a traumatic injury, only leave used after the end of the 45-day COP period may be bought back. OWCP does not restrict the amount of leave hours an employee may buy back. However, Postal Service regulations do not permit employees to carry-over into the next leave year more than the allowable maximum number of hours of annual leave (see 512.12). When an employee buys back annual leave in the previous year in an amount that exceeds the applicable maximum carry-over, such excess will be automatically forfeited. For every 80 hours of leave bought back and changed to LWOP, both annual and sick leave must be adjusted by the amount earned in a pay period.
f. Family care (see 515).	An eligible employee may request and must be allowed up to a total of 12 workweeks of absence during a Postal Service leave year for one or more reasons listed in 515.41.

Acceptable Reasons for LWOP	Instructions
g. Military duty for scheduled drills or for periods of training.	An employee enlisted under the Reserve Forces Act of 1955 who has completed the initial period of active duty training of not less than 3 months or more than 6 months may be granted LWOP for scheduled drills or periods of training.
h. Military duty for any purpose, training or otherwise.	Eligible members of the National Guard or reserve components of the Armed Forces who are ordered to active duty for training or for any other purposes, for a specified period of time not to exceed 1 year, but in excess of the total time allowable under military leave and annual leave are granted LWOP.
i. Employee elected to devote full-time service as a national president to an organization of supervisory or other managerial personnel (see 416.3).	1. LWOP normally does not exceed 2 consecutive years coinciding with the elected term of office. 2. The employee requests in writing, through the appropriate management structure, that the vice president of Labor Relations grant the employee LWOP during tenure of presidency for the purpose of serving as resident president of an employee organization in Washington, D.C., in a full-time capacity. 3. If LWOP is granted, the employee continues to be eligible for appropriate fringe benefits during that period. 4. The vice president of Labor Relations reserves the right to deny the request for LWOP if it is determined that the position must be filled on a permanent basis, unencumbered by an individual on prolonged leave.
j. Union business.	See applicable provisions of current collective bargaining agreement.
k. Postmaster elected as an organization officer, other than the president.	An employee holding a national office in one of the postmaster organizations must use annual leave or LWOP for absences to conduct business for the organization.
l. Absence on worked holiday.	If an employee shown to be eligible in 434.422 elects to receive annual leave credit in lieu of holiday leave pay (see 512.65), LWOP may be granted to supplement work hours, up to the limit of the employee's regular work schedule, on the holiday worked.

514.5 Forms Required

514.51 PS Form 3971

A request for LWOP is submitted by the employee on PS Form 3971. If the request for leave indicates that the LWOP will extend over 30 days, a written justification and statement of reason for the desired absence is required.

514.52 PS Form 50

PS Form 50, *Notification of Personnel Action,* is prepared when LWOP is in excess of 30 days (see Handbook EL-301, *Guidelines for Processing Personnel Actions).*

515 Absence for Family Care or Illness of Employee

515.1 Purpose

Section 515 provides policies to comply with the Family and Medical Leave Act of 1993 (FMLA). Nothing in this section is intended to limit employees' rights or benefits available under other current policies (see 511, 512, 513, 514) or collective bargaining agreements. Likewise, nothing increases the amount of paid leave beyond what is provided for under current leave policies or in any collective bargaining agreement. The conditions for authorizing the use of annual leave, sick leave, or LWOP are modified only to the extent described in this section.

515.2 Definitions

The following definitions apply for the purposes of 515:

a. *Son or daughter* — biological, adopted, or foster child, stepchild, legal ward, or child who stands in the position of a son or daughter to the employee, who is under 18 years of age or who is 18 or older and incapable of self-care because of mental or physical disability.

b. *Parent* — biological parent or individual who stood in that position to the employee when the employee was a child.

c. *Spouse* — husband or wife.

d. *Serious health condition* — illness, injury, impairment, or physical or mental condition that involves any of the following:

(1) *Hospital care* — inpatient care (i.e., an overnight stay) in a hospital or residential medical care facility, including any period of incapacity or subsequent treatment in connection with or subsequent to such inpatient care.

(2) *Absence plus treatment* — a period of incapacity of more than 3 consecutive calendar days (including any subsequent treatment or period of incapacity relating to the same condition) that also involves either one of the following:

(a) Treatment two or more times by a health care provider.

(b) Treatment by a health care provider on at least one occasion that results in a regimen of continuing treatment under the supervision of the health care provider.

(3) *Pregnancy* — any period of incapacity due to pregnancy or for prenatal care.

(4) *Chronic condition requiring treatments* — a chronic condition that meets all of the three following conditions:

(a) Requires periodic visits for treatment by a health care provider or by a nurse or physician's assistant under direct supervision of a health care provider.

(b) Continues over an extended period of time (including recurring episodes of a single underlying condition).

(c) May cause episodic, rather than a continuing period of, incapacity. Examples of such conditions include diabetes, asthma, and epilepsy.

(5) *Permanent or long-term condition requiring supervision* — a period of incapacity that is permanent or long-term due to a condition for which treatment may not be effective. The employee or family member must be under the continuing supervision of, but need not be receiving active treatment by, a health care provider. Examples of such conditions include Alzheimer's, a severe stroke, and the terminal stages of a disease.

(6) *Condition requiring multiple treatments (nonchronic condition)* — any period of absence to receive multiple treatments (including any period of recovery therefrom) by a health care provider or by

a provider of health care services under orders of, or on referral by, a health care provider, either for restorative surgery after an accident or other injury, or for a condition that would likely result in a period of incapacity of more than 3 consecutive calendar days in the absence of medical intervention or treatment. Examples of such conditions include cancer (which may require chemotherapy, radiation, etc.), severe arthritis (which may require physical therapy), and kidney disease (which may require dialysis).

Note: Cosmetic treatments (such as most treatments for orthodontia or acne) are not "serious health conditions" unless complications occur. Restorative dental surgery after an accident or removal of cancerous growths is a serious health condition provided all the other conditions are met. Allergies, mental illness resulting from stress, and treatments for substance abuse are protected only if all the conditions are met. Routine preventative physical examinations are excluded. Also excluded as a regimen of continuing treatments are treatments that involve only over-the-counter medicine or activities such as bed rest that can be initiated without a visit to a health care provider.

e. *Health care provider* — doctor of medicine or osteopathy; Christian Science practitioner listed with the First Church of Christ, Scientist, in Boston, MA; physician; or other attending practitioner who is performing within the scope of his or her practice.

515.3 Eligibility

For an absence to be covered by the FMLA, the employee must have been employed by the Postal Service for an accumulated total of 12 months and must have worked a minimum of 1,250 hours during the 12-month period before the date leave begins.

515.4 Leave Requirements

515.41 Conditions

Eligible employees *must* be allowed an total of up to 12 workweeks of leave within a Postal Service leave year for one or more of the following:

a. Because of the birth of a son or daughter of the employee and in order to care for such son or daughter. Entitlement to be absent for this condition expires 1 year after the birth.

b. Because of the placement of a son or daughter with the employee for adoption or foster care. Entitlement to be absent for this condition expires 1 year after the placement.

c. In order to care for the spouse, son, daughter, or parent of the employee if the spouse, son, daughter, or parent has a serious health condition.

d. Because of a serious health condition that makes the employee unable to perform the functions of the employee's position.

515.42 Leave Type

Absences that qualify as FMLA leave may be charged as annual leave, sick leave, continuation of pay, or leave without pay, or a combination of these. Leave is charged consistent with current leave policies and applicable collective bargaining agreements.

515.43 Authorized Hours

Eligible employees are entitled to 12 workweeks per leave year of FMLA-protected absences. This amount is twelve times the hours normally, or regularly, scheduled in the employee's workweek. Occasional or sporadic overtime hours are excluded. Thus:

a. Full-time employees who normally work 40 hours per week are entitled to up to 480 hours of FMLA-covered absences within a leave year.

b. Part-time employees who have regular weekly schedules are entitled to 12 times the number of hours normally scheduled in their workweek. For example, a part-time employee with a normal schedule of 30 hours a week is entitled to 360 hours (12 weeks times 30 hours).

c. Part-time employees who do not have normal weekly schedules are entitled to the total number of hours worked in the previous 12 weeks, not including occasional or sporadic overtime hours.

Absences in addition to the 12 workweeks of FMLA leave may be granted in accordance with other leave policies or collective bargaining agreements (see 511, 512, 513, 514).

515.5 Documentation

515.51 General

An employee must provide the FMLA coordinator a PS Form 3971, together with documentation supporting the request, at least 30 days before the absence if the need for the leave is foreseeable. If an FMLA coordinator has not been designated, the documentation should be submitted to a supervisor. If 30 days notice is not practicable, the employee must give notice as soon as practicable. Ordinarily the employee should give at least verbal notification within 1 or 2 business days of the time the need for leave becomes known. A copy of the completed PS Form 3971 is returned to the employee along with a copy of Publication 71, which details the specific expectations and obligations and the consequences of a failure to meet these obligations.

Additional documentation may be requested of the employee, and this must be provided within 15 days or as soon as practicable considering the particular facts and circumstances.

During an absence, the employee must keep his or her supervisor informed of intentions to return to work and of status changes that could affect his or her ability to return to work. Failure to provide documentation can result in the denial of FMLA protection.

515.52 Particular Circumstances

515.521 New Son or Daughter

An employee requesting FMLA-covered time off because of the birth of the employee's son or daughter and to care for the son or daughter, or because of the placement of a son or daughter with the employee for adoption or foster care, may be required to substantiate the relationship and provide the birth or placement date.

515.522 Care of Others for Medical Reasons

An employee requesting FMLA-covered time off because the employee is needed to care for a spouse, parent, son, or daughter who has a serious health condition may be required to:

a. Substantiate the relationship.

b. Provide documentation from the health care provider — using either Form WH-380, *Certification of Health Care Provider,* or equivalent documentation — stating the date the serious health condition began, probable duration of the illness, appropriate medical facts, nature of the need to care for, and when the employee will be needed to provide such care or psychological support.

Note: The medical certification provision that an employee is "needed to care for" a family member encompasses both physical and psychological care. It includes situations where, for example, because of a serious health condition, the family member is unable to care for his or her own basic medical, hygienic, or nutritional needs or safety, or is unable to transport him- or herself to the doctor, etc. The term also includes providing psychological comfort and reassurance that would be beneficial to a child, spouse, or parent with a serious health condition who is receiving inpatient or home care.

515.523 Employee Incapacitation

An employee requesting FMLA-covered time off because of his or her own incapacitation must satisfy the documentation requirements for sick leave in 513.31 through 513.38 in order to receive paid leave during the absence. If medical opinions are required in addition to initial documentation, they are administered as described in 515.53.

515.524 Return to Work After Employee Incapacitation

To return to work from an FMLA-covered absence because of his or her own incapacitation, an employee must provide certification from his or her health care provider that the employee is able to perform the essential functions of his or her positions with or without limitations. Limitations described are accommodated when practical. In addition, a bargaining unit employee must comply with collective bargaining agreements, which include Postal Service policies in 865 (summarized in section VI of Publication 71), 513.37, and other handbooks and manuals.

515.53 Additional Medical Opinions

A second medical opinion by a health care provider who is designated and paid for by the Postal Service may be required. A health care provider selected for the second opinion may not be employed by the Postal Service

on a regular basis. In case of a difference between the original and second opinion, a third opinion by a health care provider may be required. The third health care provider is jointly designated or approved by management and the employee, and the third opinion is final. The Postal Service pays the health care provider for the third opinion. Recertifications of a medical condition, for which the employee bears the cost, may also be required. Such medical opinions are obtained off the clock.

515.6 Intermittent Leave or Reduced Schedule

515.61 New Son or Daughter

Absences requested because of the birth and subsequent care of the employee's newborn son or daughter or because of the placement of a son or daughter with the employee for adoption or foster care may be taken on an intermittent basis or reduced work schedule only if the request for such intermittent leave or schedule modification is approved by the supervisor. Eligibility for this leave expires 1 year after the birth or placement. Approval is based on employee need, Postal Service need, and costs to the Postal Service.

515.62 Care of Others for Medical Reasons or Employee Incapacitation

Absences requested to care for a spouse, son, daughter, or parent with a serious health condition or due to the employee's own health condition may be taken on an intermittent basis or by establishing a reduced work schedule when medically necessary.

515.63 Temporary Change in Duty Assignment

If an employee requests intermittent leave or a reduced work schedule, the Postal Service may assign the employee, with equivalent pay and benefits, temporarily to the duties of another position consistent with applicable collective bargaining agreements and regulations if such an assignment better accommodates the recurring periods of absence.

515.64 Fair Labor Standards Act Status

An employee exempt from the Fair Labor Standards Act (FLSA) normally may not take leave in less than 1-day increments. However, leave taken for an FMLA-covered reason on an intermittent basis or by temporarily establishing a reduced work schedule can be taken in less than 1-day increments without affecting the employee's FLSA-exempt status.

515.7 Return to Position

Employees whose absence is covered by the FMLA are normally entitled to return to the positions they held when the absence began, or to equivalent positions with equivalent pay, benefits, working conditions, and other terms of employment if they are able to perform the essential functions of the positions. Returning employees are not entitled to any right, benefit, or position to which they would not have been entitled had they not been absent, or to intangible, unmeasurable aspects of the job such as the perceived loss of potential for future promotional opportunities. If an employee was hired for a specific term or only to perform work on a discrete project, then there is no further reinstatement obligation under this section if

the employment term or project is over and the employment would not have otherwise continued.

515.8 Benefits

All benefits accrue to employees during an FMLA absence pursuant to the applicable provision of the ELM.

515.9 Family Leave Poster

All postal facilities, including stations and branches, are required to conspicuously display WH Publication 1420, *Your Rights Under the Family and Medical Leave Act of 1993.* It must be posted, and remain posted, on bulletin boards where it can be seen readily by employees and applicants for employment.

516 Absences for Court-Related Service

516.1 General

516.11 Determining Nature of Court-Related Service

Installation heads ascertain the exact nature of court service and determine if the employee (a) is entitled to paid court leave, (b) must take annual leave or LWOP, or (c) is to serve in an official duty status. If a summons to witness service is not specific or clear, the installation head contacts appropriate authorities to determine the party on whose behalf the witness service is to be rendered. When the exact nature of court service is determined, records are annotated accordingly. (See Exhibit 516.11 for a summary of leave to be taken according to nature of service.)

Exhibit 516.11
Absences for Court-Related Service

Nature of Service	Court Leave	Annual Leave or LWOP	Official Duty
1. Jury Service:			
a. U.S. or D.C. court.	x	–	–
b. State or local court.	x	–	–
2. Witness Service:			
a. On behalf of U.S. or D.C. government.	–	–	x
b. On behalf of state or local government:			
(1) In official capacity.	–	–	x
(2) Not in official capacity.	x	–	–
c. On behalf of private party:			
(1) In official capacity.	–	–	x
(2) Not in official capacity:			
(a) Postal Service a party.	x	–	–
(b) Postal Service not a party.	–	x	–

516.12 Explanation of Terms

The following definitions apply for the purposes of 516.

a. *Judicial proceedings* — any actions, suits, or other proceedings of a judicial nature but not including administrative proceedings such as National Labor Relations Board (NLRB) hearings and hearings conducted in accordance with 650, Nonbargaining Disciplinary, Grievance, and Appeal Procedures.

b. *Summons* — an official request, invitation, or call, evidenced by an official writing from the court or authority responsible for the conduct of the judicial proceeding.

516.2 Court Leave

516.21 Definition

Court leave is the authorized absence from work status (without loss of or reduction in pay, leave to which otherwise entitled, credit for time or service, or performance rating) of an employee who is summoned in connection with a judicial proceeding, by a court or authority responsible for the conduct of that proceeding, to serve as a juror, as a witness in a nonofficial capacity on behalf of a state or local government, or as a witness in a nonofficial capacity on behalf of a private party in a judicial proceeding to which the Postal Service is a party or the real party in interest. The court or judicial proceeding may be located in the District of Columbia, a state, territory, or possession of the United States, including the Commonwealth of Puerto Rico, or the Trust Territory of the Pacific Islands.

516.22 Eligibility

Court leave is granted to full-time and part-time regular employees. Certain part-time flexible employees are granted court leave as provided and governed by applicable collective bargaining agreements. Other employees are ineligible for court leave and must use either annual leave or LWOP to cover the period of absence from postal duties for court service but may retain any fees or compensation received incident to such court service.

Court leave is granted only to eligible employees who would be in work status or on annual leave except for jury duty or service as a witness in a nonofficial capacity on behalf of a state or local government, or service as a witness in a nonofficial capacity on behalf of a private party in a judicial proceeding to which the Postal Service is a party or the real party in interest. An employee on LWOP, when called for such court service, although otherwise eligible for court leave, is not granted court leave but may retain any fees or compensation received incident to court service.

516.23 Recording Court Leave

The following provisions concern the recording of court leave:

a. *Employees Other Than Rural Carriers.* PS Form 1224, *Court Duty Leave — Statement of Service,* is prepared at the time an employee is authorized court leave. Instructions for preparing PS Form 1224 appear in Handbook F-1, *Post Office Accounting Procedures,* 823; in Handbook F-21, *Time and Attendance,* 353.3; and in Handbook F-22, *PSDS Time and Attendance,* 353.3.

b. *Rural Carriers.* When a rural carrier is on court leave, the postmaster records it as "Other" leave on PS Form 1314, *Regular Rural Carrier Time Certificate,* and describes the court service performed on the reverse side of the form. (See Handbook F-1, 445.5 for recording and reporting fees.)

516.3 Conditions Affecting Court-Related Service

516.31 Employee on Annual Leave

If an eligible employee while on annual leave is summoned for court service that qualifies for court leave or official duty (see 516.11), the employee's annual leave is canceled and the employee is placed on court leave or official duty for the duration of such court service. Employees who are not entitled to court leave or official duty must use annual leave or LWOP for the period of absence from duty for such court service.

516.32 Combination of Court Leave and Postal Duty

The following provisions concern combinations of court service and postal duty:

a. *Employees Who Report for Court Service and Are Excused Early.* If an employee reports for court service and is excused by the court for the balance of the day, or performs court service for only part of that day, the employee is entitled to full compensation for the day in question. An employee who would otherwise be in a work status is required to report to the postal installation for the balance of the postal tour of duty provided (1) an appreciable time of the tour is involved and (2) it is feasible to report to work and complete the tour. Combined paid court leave and postal duty may not exceed 8 hours.

b. *Employees Who Serve a Full Day in Court.* Employees serving a full day in court service are not required to report to their postal duties.

c. *Employees Excused From Court Service for an Extended Period.* Employees, including rural carriers, who are excused from court service for an entire day or days are not entitled to compensation for such days unless they actually perform service as postal employees.

No overtime is allowed for court service performed while an employee is on court leave or for a combination of postal work and such court service.

516.33 Accommodation of Employees Called for Court Service

The following provisions concern accommodation of employees called for court service:

a. *Employee Options.* Employees who are eligible for court leave and who have a conflict with court duty and work schedules have the following options:

(1) Work their postal tours of duty in addition to performing court service.

(2) Have their work schedules changed temporarily to conform to the hours of court service. (Employees who do not choose this option may not have their work schedule changed and are

expected to report for postal duty upon completion of their court service.)

b. *Performance of Postal Tour of Duty in Addition to Court Service.* If employees work their full postal tours of duty in addition to performing court service, their court service is *not* charged to court leave as the court service is performed outside of their postal tours of duty. Accordingly, employees may retain any fees or payment received incident to such court service. If employees choose to work their full postal tours of duty in addition to performing court service, but are required to be in court beyond the starting time of their scheduled tours, they report for postal duty as soon as possible after completion of court service and work the remaining hours of their scheduled tours. The hours of court service that overlap the employees' scheduled tours of duty are charged to court leave and the employees remit to the Postal Service that portion of court fees received for the hours charged to court leave. The combined court leave and postal workhours may not exceed 8 hours.

c. *Temporary Change in Schedule.* Employees who choose to have their work schedules changed temporarily to conform to court service hours submit PS Form 3189, *Request for Temporary Schedule Change for Personal Convenience,* as soon as possible, together with PS Form 3971, requesting such schedule change to the appropriate postal official at their installation (see Handbook F-21, *Time and Attendance,* 232.23). Such request states that the schedule change is for the employee's personal convenience and is agreed to by the local union. Employees who exercise this option receive full compensation for the period of court service including any applicable night differential for the revised schedule.

516.4 Fees

516.41 General

Employees may retain any court allowance in the amount of $25 or less per day on days court leave is authorized. Employees must remit to their supervisor amounts received in excess of $25 per day. Employees who are eligible to receive such fees are not authorized to waive the fee.

516.42 Court Service Outside of Regular Working Hours or Regular Working Days

Employees who perform court service outside of their basic workweek (on scheduled days off) or outside of their scheduled tour of duty, for which no court leave is granted, may accept and retain the jury or witness fees or payment received incidental to such court service.

516.43 Holidays

Fees received for court service falling on a holiday within an employee's basic workweek may be retained by the employee provided the employee would have been excused from regular postal duties on the holiday.

516.44 Annual Leave or LWOP

Employees who are on annual leave and do not change, or are not eligible to change, the annual leave to court leave or who are on LWOP for court service may retain fees or payment received incidental to such service.

516.45 Recording and Reporting of Fees

Postmasters record and report fees in accordance with instructions in Handbook F-1, 793. Other installation heads forward collections of jury or witness fees to the disbursing officer, Eagan ASC. If court service is to be performed in a state court, the installation head determines the exact amount of compensation received from the state.

516.5 Official Duty

516.51 Definition

An employee is in an *official duty status* (as distinguished from a leave status and without regard to any entitlement to court leave) if assigned by the Postal Service or summoned by proper authority to:

a. Testify in a judicial proceeding or produce official postal records on behalf of the United States or the District of Columbia. (Such testimony may be in an official or nonofficial capacity.)

b. Testify in a judicial proceeding in an official capacity or produce official postal records on behalf of a party other than the United States or the District of Columbia.

Note: *Official duty* means that the testimony the witness provides concerns the witness's specialized knowledge of Postal Service facts, procedures, or methods gained by performing his or her job. For example, a postal supervisor would be in an official capacity if called to explain how the Postal Service processes a particular class of mail. A carrier would be in an official capacity if called to confirm a delivery he or she made. On the other hand, a carrier would not be in an official capacity as a witness to a car accident, even if a postal vehicle were involved, because observing car accidents is not part of a carrier's job.

516.52 Compensation

Employees who perform witness service in an official duty status are paid their regular salaries as Postal Service employees, including any applicable night differential and overtime pay. In addition, such employees collect the authorized fees and any allowances for travel and subsistence expenses and retain an amount equal to actual allowable expenses. All amounts collected over and above the amount of the employee's actual allowable expenses are remitted to the postal official in charge (see Handbook F-15, *Travel and Relocation,* 9-1.2).

516.6 Witness Service in a Nonofficial Capacity on Behalf of a Private Party

An employee who is summoned to testify in a nonofficial capacity (as a private individual) on behalf of a private party is *not* performing official duty. The employee's absence is charged to court leave if the testimony is given in a judicial proceeding to which the Postal Service is a party or the real party in

interest. If the Postal Service is not a party or the real party in interest, the employee's absence is charged to annual leave or LWOP.

517 Paid Military Leave

517.1 General

517.11 Postal Service Support

The Postal Service supports employee service in the Reserve or National Guard, and no action is permitted to discourage either voluntary or involuntary participation. The Postal Service allows employees to be absent:

a. To participate in drills or meetings scheduled by the National Guard or Reserve Units of the armed forces.

b. To attend usual summer training periods.

c. To perform any other active duty ordered by the National Guard and Reserve Units of the armed forces.

However, eligible employees are entitled to paid military leave only for such duty as and to the extent provided below.

517.12 Definition

Paid military leave is authorized absence from postal duties without loss of pay, time, or performance rating, granted to eligible employees who are members of the National Guard or Reservists of the armed forces.

517.13 Types of Duty

517.131 Duty Covered for Members of the Reserves and National Guard, Except D.C. National Guard

Types of duty covered as paid military leave include:

a. Active duty, field, and coast defense training.

b. Scheduled drills.

c. Service providing military aid for law enforcement purposes.

517.132 Duty Covered for Members of the D.C. National Guard

Types of duty covered as paid military leave include:

d. Parade or encampment activities of the D.C. National Guard.

e. Service providing military aid for law enforcement purposes as provided in 517.43.

517.133 Duty Not Covered

Types of duty *not* covered as paid military leave include:

a. Summer training as a member of Reserve Officer Training Corps.

b. Temporary Coast Guard Reserve.

c. Service with the National Guard, if ordered by the State Governors without authority of the Department of Defense, except when such service is in connection with regular annual encampment or for law enforcement purposes as specified in 517.43.

d. Training with a State Guard or other state military organization that is not a part of the National Guard or that was created to take the place of the National Guard during an emergency.

e. Weekly drills as member of D.C. National Guard.

f. Civil Air Patrol, established as a civilian auxiliary of the U.S. Air Force, and similar reserve and guard auxiliary organizations.

g. Time taken on a workday to travel to the place where training is to begin, unless military training orders encompass the period of travel time required.

517.2 Eligibility

517.21 Eligible Employees

Career postal employees, i.e., full-time, part-time regular, and part-time flexible employees who are members of the following components of the armed forces, are eligible for paid military leave:

a. The Army National Guard of the United States.

b. The Army Reserve.

c. The Naval Reserve.

d. The Marine Corps Reserve.

e. The Air National Guard of the United States.

f. The Coast Guard Reserve.

g. The Air Force Reserve.

517.22 Ineligible Employees

Permitted to be absent, but not eligible for paid military leave, are noncareer employees such as the following:

a. Casual employees.

b. Contract workers.

c. Noncareer rural carriers.

d. Temporary employees.

e. Transitional employees.

517.3 Procedures

517.31 Approval

The employee is to complete a PS Form 3971 before the period of absence. Sufficient notice is required for making necessary arrangements for replacements. If the employee does not learn of the need for the absence until later, notice is to be given as soon possible. The official responsible for approving the attendance record also approves military leave.

517.32 Use of Mixed Leave

Normally the first days of a longer period of military duty are charged to military leave. If circumstances warrant it, any other scheduled workdays during the longer active duty period may be designated as military leave instead of the days at the beginning of the military duty.

517.33 Use of Leave Intermittently

Military leave may be taken intermittently.

517.34 Return From Duty

For paid military leave approval, upon return from military duty to the Postal Service, the employee furnishes a copy of military orders or other documentation properly endorsed by appropriate military authority to show the duty was actually performed.

517.4 Military Leave Allowances

517.41 General Allowance

Eligible full-time and part-time employees receive credit for paid military leave as follows:

a. *Full-time employees other than D.C. National Guard* — 15 calendar days (120 hours) each fiscal year.

b. *Part-time employees other than D.C. National Guard* — 1 hour of military leave for each 26 hours in pay status (including military LWOP) in the preceding fiscal year provided:

(1) Employee was in pay status a minimum of 1,040 hours in the preceding fiscal year.

Note: A part-time employee's time on military LWOP in one fiscal year counts toward meeting the 1,040 hours' requirement for the next fiscal year.

(2) Employee's pay for military leave does not exceed 80 hours.

c. *D.C. National Guard* — all days (no limit) of parade or encampment duty ordered under Title 49, District of Columbia Code.

An employee may carry over up to 1 year's allotted but unused (not to exceed 15 days) military leave from one fiscal year to the next.

517.42 Previous Service

Employees transferring to the Postal Service from other government agencies are entitled to credit for paid military leave purposes for government service performed prior to appointment as part-time employees. Any other creditable federal civilian service rendered during the prior fiscal year is also used in computing the required 1,040 hours. Creditable service is determined by requesting a transcript from the other agency detailing the number of hours in which the employee was in pay status.

517.43 Law Enforcement Allowance

517.431 State or Jurisdiction Duty

Eligible full-time and part-time employees who are members of the National Guard are granted additional paid military leave over and above the general allowance if they are ordered by appropriate authority to provide *military aid to enforce the law* of their contracted state or their chartered jurisdiction (e.g., the District of Columbia, the Commonwealth of Puerto Rico, or a territory of the United States). See approval procedures in 517.3. The following provisions apply:

a. Evaluation of Circumstances.

(1) *Qualifying Circumstances. Military aid* is the kind of work characteristic of, or typically performed by, soldiers. *Military aid*

to enforce the law means engagement in the suppression of riots, violent assembly, widespread looting, and civil disorder where the guardsman is ordered to perform state military duty under a state law that specifically confers law enforcement powers on the guardsman or under the authority of an executive order of the governor (or the highest authority of the jurisdiction) pursuant to state law that specifically confers on the governor the authority to confer law enforcement powers on activated guardsmen. Orders to provide assistance or support to law enforcement agencies do not constitute an order conferring law enforcement powers. The mere fact that national guardsmen in uniform perform a given function does not necessarily transform that function into military aid. The duty performed must be evaluated. Such additional military leave is granted only when an employee's military orders (or other official documentation from the employee's guard unit) specify that he or she was engaged in one or more of the activities and under the authority referenced above for the particular periods of military duty.

(2) *Nonqualifying Circumstances.* Additional military leave is *not* granted when military orders do not specify one or more of the duties and statutory requirements referenced in 517.431a1 above. For example, it is *not* granted when an employee's military orders simply indicate the employee was ordered to duty "for law enforcement purposes," "to enforce the law," "for state emergency active duty, "etc. It is *not* granted if the duties are top secret and the actual duties cannot be verified as meeting these requirements. It is not granted if the military orders state that the duty is to provide aid to civil authorities to protect life, preserve property, or prevent injury. Circumstances that do not qualify the employee for additional military leave include, but are not limited to, the following:

(a) Activities that, although prompted by emergencies, *do not involve directly enforcing the law,* such as when guardsmen are engaged in fighting fires, controlling floods, controlling routine crowds, cleaning up following natural disasters, eradicating controlled substances, providing transportation and/or services to persons engaged in law enforcement or other activities, or providing security for such missions.

(b) Activities that, although they may have a collateral effect of enforcing the law, *do not involve military aid,* such as when guardsmen are engaged in directing vehicular traffic, which may concern enforcement of traffic laws, or when a guardsman provides security for public events, buildings, or places, these duties do not constitute military aid to enforce the law.

(c) Activities whose principal purpose is to protect the United States and its territories from attack by foreign enemies or domestic agents aligned with foreign enemies.

b. *Amount Granted.* Law enforcement military leave is granted, upon the presentation of qualifying military orders, as follows:

(1) *Full-time employee* — 22 workdays (176 workhours) each fiscal year.

(2) *Part-time employee* — 1 hour of military leave for each 13 hours of service performed as a part-time employee in the fiscal year preceding the request provided both of the following conditions apply:

(a) The employee has worked at least 1,040 hours during the preceding fiscal year.

(b) Additional leave granted under this section does not exceed 160 workhours in a fiscal year.

517.432 Allowance for Federal Duty

Paid military leave is not granted for enforcement of federal law or in support of a federal agency, regardless of the employee's specific duties.

517.5 Leave Charge Information

517.51 Pay Status Requirement

Generally, an employee must be in pay status either immediately prior to the beginning of military duty or immediately after the end of military duty in order to be entitled to military leave with pay. The approving official determines whether (but for the active duty) the employee fulfills the pay status requirement.

517.52 Minimum Units

Military leave may be taken in one-hundredths of an hour, except for regular rural carriers (designation 71) or substitute rural carriers (designation 72), who must take military leave in minimum units of 8 hours.

517.53 Continuance of Night Differential Pay

Employees regularly assigned in whole or in part to a night tour of duty are entitled to night differential pay when absent on military leave.

517.54 Absence Beyond the General Military Leave Allowance

517.541 Training Periods

Any absence beyond the general military leave allowance is charged to annual leave or LWOP regardless of the number of training periods in the fiscal year.

517.542 Choice of Annual Leave, Sick Leave, or LWOP

Eligible employees who volunteer or are ordered for a period of military training or for a period of active military duty beyond the general military leave allowance may use annual leave or LWOP, at their option. Sick leave can be used only if the employee is hospitalized, confined to quarters as directed by competent military medical authorities, or on convalescent leave due to military service.

517.6 Conflict With Work Schedule

517.61 Employee Alternatives

An employee who has official duty orders or official notices signed by appropriate military authority for weekly, biweekly, or monthly training meetings and who has a conflict with scheduled work requirements may choose one of four ways of meeting the military obligation:

a. Use military leave not in excess of the general military leave allowance.

b. Use annual leave.

c. Use LWOP.

d. Arrange a mutually agreeable trade of workdays and days off with another employee who is qualified to replace the absent employee. Such trades must be cleared with the responsible supervisor and must be in accordance with the terms of collective bargaining agreements.

517.62 Administrative Policy

517.621 Reassignments

The following provisions concern reassignments:

a. Arbitrary reassignments of other employees are not made to permit absences of employees for military duty. An employee having military drills or military training responsibility should attempt to bid on a work assignment (when the opportunity presents itself) that will not conflict with military duties.

b. Employees requesting a temporary schedule change must submit PS Form 3189 (with PS Form 3971) to the appropriate postal official at their installation (see Handbook F-21, 232.23).

517.622 Rescheduling

An employee desiring absences for military duty may be rescheduled if such action can be taken without increasing costs or adversely affecting the service to other employees. Every effort should be made to work out these problems as satisfactorily as possible.

517.7 Records Control

517.71 General Paid Military Leave

The following provisions concern general paid military leave allowance:

a. *Full-time Employees.* When full-time employees request general paid military leave, i.e., for other than law enforcement duty, offices must check AAD935P3, *Military — Leave Report,* to ascertain whether military leave has been advanced. If it has not, offices must submit their requests for a credit of 120 hours military leave to Payroll Processing, Eagan ASC.

b. *Part-time Employees.* For a part-time employee, installations should check AAD935P4, *Military — Leave Potential Report,* for the number of hours the employee is entitled and submit a request for an advance of the hours authorized on the report.

c. *Transfers From Other Agencies.* When an employee transfers from another federal agency, a transcript must be requested detailing hours

in a pay status in the prior fiscal year and the military leave used in the current fiscal year. These hours are sent to Payroll Processing, Eagan ASC, and are used in addition to the hours on the AAD935P4 report to determine hours to be advanced.

d. *Noncareer Employees.* Offices may not authorize paid military leave for noncareer employees.

517.72 Paid Military Leave for Law Enforcement

If a leave request is for law enforcement purposes, installations must submit a memorandum to Payroll Processing, Eagan ASC, requesting advancement of paid military leave for law enforcement purposes for the number of hours requested, not to exceed 176 hours for a full-time employee or, for a part-time employee, the number of hours of law enforcement leave to which the employee is entitled as shown in the AAD935P4 report. If regular military leave has not been advanced, follow the procedures for full-time employees.

518 Holiday Leave

518.1 Observed Holidays

The following 10 days are observed as holidays by the U.S. Postal Service:

New Year's Day	January 1
Martin Luther King Jr.'s Birthday	3rd Monday in January
Washington's Birthday/Presidents' Day	3rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	1st Monday in September
Columbus Day	2nd Monday in October
Veterans' Day	November 11
Thanksgiving Day	4th Thursday in November
Christmas Day	December 25

Note: Administrative leave is not granted for absence on state, local, or religious holidays. To the fullest extent practicable, annual leave or LWOP is granted to employees for observance of their religious holidays.

518.2 Holidays on Nonscheduled Workdays

518.21 Saturday

When a holiday falls on a Saturday, the preceding Friday is observed as the holiday.

518.22 Sunday

When a holiday falls on Sunday, the following Monday is observed as the holiday.

518.23 Nonscheduled Workday

When an employee's nonscheduled workday falls on a day observed as a holiday, the employee's scheduled workday preceding the holiday is designated as that employee's holiday.

518.3 Holidays on Scheduled Workdays

Holidays falling on an employee's scheduled workday are observed on those days.

518.4 Eligibility for Holiday Pay

See 434.4.

518.5 Provisions for Rural Carriers and Substitutes

518.51 Rural Carriers

Rural carriers are not required to report to post offices for any purpose on legal holidays. When a holiday falls on Sunday, the following Monday is observed. Rural carriers are not permitted to substitute any other day.

518.52 Substitute Rural Carriers

When the holiday falls on a service day for a triweekly route, the carrier is not required to serve until the next scheduled service day.

518.6 Provisions for Postmasters

For all full-time postmasters except those in EAS A–E offices, if a holiday falls on a Saturday that is a nonscheduled workday, the preceding Friday is designated as the postmaster's holiday. When necessary, additional workhour allowances are authorized for those post offices without a senior supervisor to provide relief coverage during the postmaster's absence on holiday leave (see 434.412e)

519 Administrative Leave

519.1 Definition

Administrative leave is absence from duty authorized by appropriate postal officials without charge to annual or sick leave and without loss of pay.

519.2 Special Conditions

519.21 Acts of God

519.211 General

Acts of God involve community disasters such as fire, flood, or storms. The disaster situation must be general rather than personal in scope and impact. It must prevent groups of employees from working or reporting to work.

519.212 Authorizing Administrative Leave for Acts of God

The following provisions concern administrative leave for acts of God:

a. Postmasters and other installation heads have authority to approve administrative leave for up to 1 day.

b. District managers and Postal Career Executive Service (PCES) plant managers may authorize administrative leave beyond 1 day, but not to exceed a total of 3 days, for their installation and those reporting to it.

c. District managers and senior or lead plant managers may approve administrative leave for periods up to and in excess of 3 days for their installation and those reporting to it.

519.213 **Determining the Cause of Absence**

Postmasters and other appropriate postal officials determine whether absences from duty allegedly due to “acts of God” were, in fact, due to such cause or whether the employee or employees in question could, with reasonable diligence, have reported for duty.

519.214 **Early Dismissal Due to Acts of God**

When employees are dismissed from duty before the normal completion of their duty due to an act of God, the following applies:

a. Full-time employees are entitled to credit for hours worked plus enough administrative leave to complete their tour of duty. This combination of work and leave is not to exceed 8 hours in any one day.

b. Part-time regular employees are entitled to credit for hours worked plus enough administrative leave to complete their scheduled hours of duty. This combination of work and leave is not to exceed 8 hours in any one day.

c. Part-time flexible employees are entitled to credit for hours worked plus enough administrative leave to complete their scheduled tour. The combination of straight time worked and administrative leave may not exceed 8 hours in a service day. If there is a question as to the scheduled workhours, the part-time flexible employee is entitled to the greater of the following:

(1) The number of hours the part-time flexible worked on the same service day in the previous service week.

(2) The number of hours the part-time flexible was scheduled to work.

(3) The guaranteed hours as provided in the applicable national agreement.

519.215 **Employees Prevented From Reporting**

Employees scheduled to report who are prevented from reporting or, who after reporting, are prevented from working by an act of God may be excused as follows:

a. Full-time and part-time regular employees receive administrative leave to cover their scheduled tour of duty not to exceed 8 hours.

b. Part-time flexible employees receive administrative leave, subject to the 8-hour limitation, for their scheduled workhours, as provided in 519.214c.

519.216 **Employees on Annual Leave, Sick Leave, or LWOP**

Employees on annual leave, sick leave, or LWOP remain in such status. They are not entitled to administrative leave.

519.217 **Substitute Rural Carriers and Rural Carrier Associates**

Substitute rural carriers and RCAs in a leave-earning status are treated the same as rural carriers:

a. If they are scheduled for duty and are unable to report to the postal installation, administrative leave is granted for the full day that the employees are scheduled to serve their routes. No equipment maintenance allowance is paid.

b. If employees are scheduled for duty and report to the postal installation but are unable to serve all or part of their routes through no fault of their own, they may be granted administrative leave for the remainder of the normal tour of duty for that day. Payment for equipment maintenance allowance is made, if appropriate, because employees are considered to be in duty status.

519.22 Civil Disorders

519.221 Decision to Curtail or Terminate Postal Operations

During times of civil disorders in communities, the postmaster or installation head determines whether conditions are such that postal operations are curtailed or terminated, taking into account the needs of the service, local conditions, and the welfare of postal employees.

519.222 Civil Disorder Extends Beyond Three Days

When civil disorder extends beyond 3 days and administrative leave is indicated as being necessary, prior approval is obtained through the district manager or senior or lead plant manager.

519.223 Early Dismissal

Employees dismissed early because of civil disorder are treated the same as for early dismissals for acts of God (see 519.214).

519.224 Employees Prevented From Reporting

Postmasters and installation heads are authorized to grant up to 3 days of administrative leave on a day-to-day basis to those employees who, through no fault of their own, are prevented from reporting to work. The following applies:

a. Full-time and part-time regular employees prevented from reporting in civil disorder situations are treated the same as employees in the act of God situation (see 519.214a and 519.214b).

b. Part-time flexible employees are not granted administrative leave except if scheduled to report but are prevented from doing so. Provisions in 519.214c apply.

519.23 Relocation

519.231 Policy

An employee who is transferred or relocated in the interest of the Postal Service from one official station to another in the Postal Service is entitled to 5 days of administrative leave. The 5 days of administrative leave are not charged to any other leave.

519.232 Requirements

An actual physical move of the employee's household is a requirement for eligibility for relocation leave. Therefore, employees who are relocated to another duty station in the same commuting area who do not move their households are not eligible. The following employees are entitled to 5 days of relocation leave with pay when directed to transfer or relocate:

a. Employees who are transferred or relocated from one official duty station to another in the interest of the Postal Service.

b. Employees who request and accept a transfer in lieu of a separation or demotion when separation or demotion is not for personal cause.

519.233 **Notation on PS Form 50**

If any leave is granted by the losing duty station, the number of days allowed is noted in the Remarks section of the reassignment PS Form 50. Before granting relocation leave, the gaining duty station reviews the losing station's PS Form 50 to determine the additional leave that may be allowed.

519.234 **Limitations**

Relocation leave may be taken before or after the physical move and may be taken a day or more at a time; it must be taken in whole days. In no instance does it exceed a total of 5 days. In the event that the employee later decides not to transfer to the new station, all relocation leave taken is charged to annual leave or LWOP.

519.24 Adverse Action Investigation and Decision

During the time required for investigation and decision regarding an adverse action, management may place an employee in an off-duty, nonpay status, in accordance with 651.4 or the applicable bargaining unit agreement. If these provisions are not applicable and it is necessary to remove the employee from a duty status, management may place the employee on administrative leave until the effective date of an adverse action or until the employee is returned to work, whichever comes first. Beginning on the effective date of an adverse action, the employee remains on the rolls but in a nonpay status during an appeal process. (See 651.4 and 651.6, and see applicable bargaining unit agreement to determine maximum allowable time.)

519.3 Civil Participation

519.31 State and Local Civil Defense Programs

519.311 **No Charge to Leave**

Full-time employees who volunteer and are selected by state or local authorities for civil defense assignments are authorized to participate in pre-emergency training programs and test exercises conducted by the state or local government. Participation in these activities during the employee's regularly scheduled tour of duty cannot exceed more than 40 hours of administrative leave in any 1 leave year.

519.312 **Annual or LWOP**

Employees who participate in civil defense activities other than those cited in 519.311 are granted annual leave or LWOP if it is possible to spare them without undue interference with the needs of the Postal Service.

519.313 **Availability for Civil Defense Assignment**

Employees are designated as available for assignment to civil defense activities subject to the following conditions:

a. The employee's participation is requested by the state or local civil defense authorities.

b. Within reason, the employee is expected to be available for assignment to civil defense activities in the event of an emergency.

c. The employee can be spared from regular duties for the required periods of participation.

519.314 **Key Role Restriction**

Key roles in civil defense activities are *not* assigned to employees for whom a certificate of availability has been granted for military duty.

519.315 **Statement Requirement**

On return to duty, employees are required to submit a written statement from the state or local civil defense authorities showing days or hours of their participation.

519.32 Voting or Registering to Vote

519.321 **Policy**

Employees are encouraged to exercise their voting rights. So far as is practicable without seriously interfering with service, postal employees, excluding casual and temporary employees, who desire to vote or register in any election or in any referendum on a civic matter in their community are excused for a reasonable time for that purpose on a day they are scheduled to work. Casual and temporary workers are encouraged to vote but are not eligible for administrative leave for this purpose.

519.322 **Administrative Determination**

Postal officials in charge of installations obtain necessary information concerning the hours during which the polls are open in the political subdivisions in which their employees reside. They then make an administrative determination regarding the amount of excused absence necessary (and limits in accordance with 519.323). Employees are notified of this determination and of the procedures to be followed in obtaining advance approval for the absence.

519.323 **Voting**

The following provisions concern time allowed for voting:

a. *Three-Hour Rule.* As a general rule, if the polls are not open at least 3 hours either before or after an employee's scheduled hours of work, the employees may be excused for the length of time that permits them to report for work 3 hours after the polls open or to leave work 3 hours before the polls close, whichever requires the lesser amount of time off.

b. *Exception to Three-Hour Rule.* Under exceptional circumstances, if the general rule in 519.323a does not permit sufficient time, an employee may be excused for the additional time needed to vote. However, time off must not exceed a full day.

c. *Charge to Annual Leave or LWOP.* If an employee's voting place is beyond normal commuting distance and if voting by absentee ballot is not permitted, employees may be granted sufficient time off to be able to make the trip to the voting place to cast their ballots. When more than 1 day is required to make the trip to the voting place, postal officials observe a liberal policy in granting necessary time off for this purpose. Time off in excess of 1 day is charged to annual leave or, if annual leave is exhausted or the employee so requests, it is charged to LWOP.

519.324 **Registration**

If the employee votes in a jurisdiction that requires registration in person, time off to register is granted on substantially the same basis as for voting,

except that no time is granted if registration can be accomplished on a nonworkday and the place of registration is within a (reasonable) 1 day, round trip travel distance of the employee's place of residence.

519.325 **Restrictions**

An employee is not allowed administrative leave for voting or registration during a period of absence on sick leave, annual leave, or LWOP pay.

519.33 Funeral Services

519.331 **Absence of Veterans to Attend Funeral Services**

Full-time Postal Service employees (except rural carriers) who are veterans of any war, campaign, or expedition (for which a campaign badge has been authorized, see Exhibit 512.232a), or who are members of honor or ceremonial groups or organizations of such veterans, may be granted administrative leave, not to exceed 4 hours in any one day, to participate in funeral ceremonies for members of the Armed Forces of the United States whose remains are returned from abroad for final interment in the United States. Such participation is limited to service as active pallbearers or as members of firing squads or guards of honor. Absences in excess of 4 hours in any one day are charged to annual leave or to LWOP.

519.332 **Funeral of Immediate Relatives Who Died in Combat Zone**

Administrative leave not to exceed 3 days is granted to employees to make arrangements for, or to attend the funeral of, or memorial service for, an immediate relative who died as a result of wounds, disease, or injury incurred while serving as a member of the Armed Forces of the United States in a combat zone. An *immediate relative* is defined as:

a. Spouse and his or her parents.

b. Children and their spouses.

c. Parents.

d. Brothers, sisters, and brothers-in-law and sisters-in-law (brothers and sisters of spouses and spouses of brothers and sisters).

519.4 National Day of Observance

519.41 General

In the event that the postmaster general or designee determines that the Postal Service will participate in a national day of observance (for example, National Day of Mourning) subsequent to the declaration of a national day of observance by Executive Order of the President of the United States, administrative leave is granted to employees.

The policy shown below applies to executive and administrative schedule (EAS) employees, Postal Career Executive Service (PCES) employees, and other employees not covered by union agreements concerning national days of observance and is consistent with the agreements developed for that purpose. Employees in the following unions should refer to the memorandums of agreement or understanding between the Postal Service and their unions regarding regulations for national days of observance:

a. American Postal Workers Union, AFL-CIO.

b. National Association of Letter Carriers, AFL-CIO.

c. National Postal Mail Handlers Union, AFL-CIO.

d. National Rural Letter Carriers' Association.

e. Fraternal Order of Police, National Labor Council, USPS No. 2.

519.42 Leave Granted

519.421 Full-Time Employees

Full-time employees whose basic work week includes the national day of observance are granted administrative leave as follows:

a. Those with the national day of observance as a scheduled workday:

(1) If *not directed* to report for work, are granted administrative leave for that day.

(2) If *directed* to report for work, are granted a day of administrative leave at a future date, for the number of hours equal to their regular workday.

b. Those with the national day of observance as a nonscheduled (relief) workday:

(1) If *not directed* to report for work, are granted a day of administrative leave at a future date, for the number of hours equal to their regular workday.

(2) If *directed* to report for work, are granted overtime pay, if eligible, plus a day of administrative leave at a future date, for the number of hours worked, up to the number of hours equal to their regular workday.

519.422 Part-Time Regular Employees

Part-time regular employees whose basic workweek includes the national day of observance are granted administrative leave as follows:

a. Those with the national day of observance as a scheduled workday:

(1) If *not directed* to report for work, are granted administrative leave for that day, for the number of hours scheduled to work.

(2) If *directed* to report for work, are granted a day of administrative leave at a future date, for the number of hours scheduled to work on the national day of observance.

b. Those with the national day of observance as a nonscheduled (relief) workday:

(1) If *not directed* to report for work, are granted a day of administrative leave at a future date, equal to the average number of daily paid hours in their schedule for the service week previous to the service week in which the national day of observance occurs, up to 8 hours.

(2) If *directed* to report for work, receive straight time pay (or overtime pay if appropriate), plus administrative leave at a future date for the number of hours worked on the national day of observance, up to 8 hours.

519.423 **Part-Time Flexible Employees**

Part-time flexible employees are granted administrative leave for the national day of observance as follows:

a. Those *directed* to report for work are granted a day of administrative leave at a future date, for up to 8 hours.

b. Those *not directed* to report for work are granted a day of administrative leave at a future date, equal to the average number of daily paid hours during the service week previous to the service week in which the national day of observance occurs, up to 8 hours.

519.424 **Transitional Employees**

Transitional employees receive pay only for actual workhours performed on the national day of observance. They are not granted administrative leave.

519.425 **Employees on Paid Leave**

Employees on paid leave on the national day of observance receive administrative leave on that day in lieu of requested leave for up to the number of hours equal to the employee's regular workday. (See 519.423b for part-time flexible employees.)

519.426 **Employees on Continuation of Pay, Office of Workers' Compensation Programs Pay, and Leave Without Pay**

Employees on continuation of pay (COP) and employees on leave without pay (LWOP) not associated with Office of Workers' Compensation Programs (OWCP) on the national day of observance are granted a day of administrative leave for up to 8 hours.

Employees working part days on the national day of observance as a result of an injury on duty (IOD) receive administrative leave equal to the hours normally worked.

Employees not working as a result of an IOD and employees on OWCP pay on the national day of observance are not granted administrative leave.

519.427 **Employees Absent Without Leave, Suspended, or Pending Removal**

Employees absent without leave (AWOL), suspended, or pending removal on the national day of observance are not granted administrative leave.

Note: An employee returned to duty and made whole for a period of AWOL, suspension, or removal may be eligible for administrative leave for the national day of observance consistent with the rules of the provision of ELM 519.4 for that employee's group if the period of suspension or removal for which the employee is considered to have been made whole includes that day.

519.428 **Individuals Not Eligible for Administrative Leave**

Individuals not eligible for administrative leave include the following:

a. Postmaster relief employees.

b. Rural carrier relief employees.

c. Substitute rural carrier employees and rural carrier associate employees who are not in leave-earning positions.

d. Temporary employees.

e. Noncareer officer-in-charge employees.

f. Contractors.

519.43 Leave Taken at a Future Date

Administrative leave to be taken at a future date:

a. Must be granted and used within 6 months of the national day of observance or by the end of the fiscal year, whichever is later.

Note: Administrative leave is not granted to an employee who is on extended leave for the entire period between the day of observance and 6 months from that date, or between the day of observance and the end of the fiscal year, whichever is later.

b. Must be taken all at one time.

c. May, at the employee's option, be substituted for previously scheduled but not used annual leave.

d. Should be requested by using the same procedures that govern the request and approval of annual leave consistent with ELM 512.41 and ELM 512.42.

519.5 Medical Events

519.51 Blood Donations

519.511 Policy

All postal employees are urged to cooperate fully with the public blood donation programs for the health and security of their community. The time necessary includes the time required for travel and the time required by the medical facility to process the blood donations.

519.512 Time Allowed

The following provisions concern time allowed for blood donations:

a. *General Allowance.* Postal employees may be excused for that period of time deemed reasonably necessary to cover any absence from regular tours of duty to make voluntary blood donations, without remuneration, to the Red Cross, the community, or other nonprofit blood bank. This regulation does not apply to those employees who participate in this program on their own time, off duty.

b. *Additional Time.* In the case of employees in occupations for which the blood bank recommends additional time off following the blood donation, the time necessary includes the additional time recommended by the blood bank. Every effort should be made to have blood donations for such employees scheduled near the end of their tour of duty.

519.513 Restrictions

The following provisions concern restrictions on time allowed for blood donations:

a. The time allowed may in no instance exceed 8 hours. A full day's administrative leave may be granted only when there are unusual circumstances, such as in rural areas where considerable travel may be involved. It is not intended that a full day's administrative leave be granted any employee for donating blood when the blood bank or facility is nearby.

b. Administrative leave for blood donation may be granted during a regular tour of the employee's basic workweek, but only on the date of the blood donation. It is not granted to employees on suspension or in any nonpay status.

519.514 **Facility Arrangements**

For group donations, postmasters or installation heads make arrangements with the blood bank to provide facilities (mobile) for on-site participation or arrange the hours of donation to present the least interruption and cost to the Postal Service.

519.52 Bone Marrow, Stem Cell, Blood Platelet, and Organ Donations

519.521 **Policy**

Career postal employees who wish to donate bone marrow, stem cells, blood platelets, or organs may be granted administrative leave, subject to the limitations in 519.522, with appropriate management approval. Administrative leave is *not* available to bone marrow or organ *recipients.*

519.522 **Time Limitations**

The maximum administrative leave that can be granted per leave year to cover qualification and donation is limited to the following:

a. To a full-time career employee:
   (1) For bone marrow, 3 days.
   (2) For stem cells, 3 days.
   (3) For blood platelets, 3 days.
   (4) For organs, 14 days.

b. To a part-time career employee:
   (1) For bone marrow, 1 1/2 days.
   (2) For stem cells, 1 1/2 days.
   (3) For blood platelets, 1 1/2 days.
   (4) For organs, 7 days.

519.53 Physical Examination for Entry Into Armed Forces

Postal employees who are scheduled for physical examination for entry into the armed forces at times when they are also scheduled for postal duty are given administrative leave for the time necessary to take the examination.

519.54 First-Aid Examination and Treatment for On-the-Job Injury or Illness

519.541 **Employee on Regular Tour**

If an employee on a regular tour of duty is injured or becomes ill and the injury or illness can be treated so that the employee can return to duty during that tour, the employee is excused without charge to annual or sick leave. The employee is not required to clock out when leaving the place of duty for first-aid examination or treatment.

519.542 **Employee in Overtime Status**

When an employee is directed by management to an on- or off-site medical unit due to illness or injury, all time spent waiting for and/or receiving medical attention on the service day on which the illness or injury occurs, which

would have been worked but for the medical attention, is credited as work time even though overtime hours may be involved. The employee's time card is so noted and initialed by the supervisor.

519.55 Day of Death

If an employee dies during a scheduled work day, the balance of the full tour is charged to administrative leave. If the employee dies before a scheduled tour begins, the full tour is charged to administrative leave, provided the employee was in a pay status, either work hours or paid leave, on the last scheduled day before the day of death. When a scheduled tour overlaps a calendar day and begins at or near the previous day, a death occurring within 2 hours of the beginning of the tour is considered to be before the scheduled tour and the full tour is charged to administrative leave.

519.6 Special Events

519.61 Postal Service Invitation

The postmaster general, deputy postmaster general, or chief operating officer may approve the use of administrative leave for spouses or guests who are postal employees when they are invited by the Postal Service to attend a special event. The invitation from the postmaster general, deputy postmaster general, or chief operating officer must include the spouse or guest attendance as well as the allowable period of administrative leave authorized for the specific special event. The invitation must be attached to the PS Form 3971 and submitted to the spouse's or guest's supervisor in advance of the leave.

519.62 Postmaster Organization Conventions

519.621 Conventions

The following provisions concern time allowed for career postmasters to attend postmaster organization conventions:

a. *Time Limitation.* Up to 5 working days of administrative leave with pay are authorized for postmasters for the purpose of attending postmaster organization, state, and/or national conventions. These 5 working days (inclusive of travel time) may be used in a leave year as follows:

   (1) For actual attendance at one postmaster organization's annual national convention, and/or at the postmaster organization's annual state or multi-state convention that is held for the district in which the postmaster's installation is located.

   (2) For the travel time that is actually required by a postmaster in order to attend the national and/or state conventions provided such travel time is also during a regularly scheduled workday.

b. *Restriction.* Administrative leave is not authorized for any other meeting, including training sessions or any other meetings or conferences sponsored by the management organizations.

c. *Advance Approval.* Application for the intended absence must be approved in advance by the Postal Service manager to whom the postmaster directly reports. Any request for annual leave or LWOP to supplement administrative leave must be approved in advance by the

postal manager to whom the postmaster directly reports. The postmaster should complete a PS Form 3971 prior to taking such leave.

d. *Verification of Attendance.* Supporting documentation such as hotel receipts and confirmation of convention registration may be requested by the postal manager to whom the postmaster reports following attendance at any state or national convention for which administrative leave has been extended.

519.622 Recording Leave at Time Card Offices

Postmasters record their own leave. Administrative leave is recorded in the "OL" column. LWOP is recorded on time cards in the "WOP" column using the following symbols:

For national conventions	N/(number of hours)
For state conventions	S/(number of hours)
For convention travel	T/(number of hours)

519.623 Travel or Per Diem

The Postal Service does not pay the postmaster's travel or per diem expenses for travel to or attendance at conventions.

519.7 Nonbargaining Unit Personal Absence

519.71 Definition

Nonbargaining unit employees' personal absence time is paid time off. It is not charged as annual leave, sick leave, or any other paid leave category. Only FLSA-exempt employees are eligible for such time off.

519.72 Policy

Nonbargaining unit exempt employees are paid on a salary basis. This means that under the FLSA they are not considered to be hourly rate employees. Therefore, partial day absences are paid the same as work time. While exempt employees are expected to work a full day, they may request time off to attend to personal matters during the workday, including time off due to conditions covered by FMLA. If approved, the time off is "personal absence time" and is not charged to annual leave, sick leave, or LWOP.

519.73 Limitations and Exceptions

519.731 Full-Day Absences

Except as provided for in 519.733, personal absence time is not authorized for a full-day absence, which must be charged to annual leave, sick leave, or LWOP, as appropriate. Exempt employees who intend to be absent from work for more than a half day on a workday should apply in advance for a full day of annual leave, sick leave, or LWOP, unless the absence is for an FMLA-covered condition.

519.732 Partial-Day Absences

Normally, personal absence time is limited to no more than half an employee's workday. However, when an unanticipated need for time off occurs after the employee reports to work and the employee is allowed to leave work but is unable to return, the half-day limit does not apply. For

example, when an employee gets sick after 2 hours at work and must leave for the remaining 6 hours of the workday, the entire 6 hours is treated as personal absence time. However, managers may disapprove personal leave requests when necessary to carry out their responsibilities to control work hours as set forth in 519.75. In this regard, managers may require the use of an appropriate leave category, for example, sick leave in the case of partial-day absences for FMLA-covered conditions.

519.733 Directed to Work

When exempt employees are directed to work a full day on a holiday or other full day in addition to normal workdays, the supervisor may grant a full day of personal absence without charging it to official leave.

519.74 Administration

519.741 General

Full-time exempt employees are expected to work a full day and part-time exempt employees are expected to work the full or partial day specified at the time of their employment. A full day is defined to include the continuous or nearly continuous time that an employee normally works in a 24-hour period. A half day is half that number of hours.

519.742 Approval

Except for postmasters and installation heads, exempt employees must obtain prior approval from their supervisors for all absences, whether or not such absences are to be charged to the employee's leave account. At the discretion of the installation head, PS Form 3971 may be used to request personal absences not charged to leave.

Postmasters and installation heads normally are not required to obtain advance approval for personal absences. They are required, however, to keep an accurate record of all such absences and generally to keep their manager informed of planned periods away from the office. In this respect, the manager may require the use of PS Form 3971 to report absences. On an individual basis, vice presidents of Area Operations may require that a postmaster or installation head obtain advance approval of all absences, including personal absences, from the plant or district manager, as appropriate, when the individual's previous performance warrants such action.

When PS Form 3971 is used for personal absence time, it must indicate in Remarks: "Do not charge to leave."

519.743 Full-Day Leave

Each full day of approved absence is to be charged to official leave. Absences such as court leave, military leave, holiday leave, donated leave, continuation of pay, and all administrative leave are to be approved and reflected on an exempt employee's time record.

519.75 Management Controls

519.751 Responsibility

Managers are responsible for controlling the workhours of their exempt employees. They may require the attendance of these employees during and outside of regular service hours and, when warranted, may disapprove

advance requests for late arrivals, early departures, or other absences, as well as leave. These instructions are not intended to be overly restrictive, but managers must be aware of the frequency of requests for personal leave, recognize patterns in the use of this leave, and be alert to possible abuse. They must also give consideration to the amount of the current workload or urgency of a particular program or project that requires the employee's presence.

519.752 **Administration**

This program must be administered in a fair and equitable manner. Managers must advise their employees of the reasons for requiring their attendance during or outside of regular service hours and for denying their requests for personal absence or leave. Employees are also to be given the opportunity to informally discuss the decision with the managers.

520 Health Benefits Program

Additional Material:
References to additional material concerning the subject matter in some sections of this chapter are indicated in boxed sections identified as "Reference Notes."

521 Administration and Eligibility

521.1 General

Reference Note:
For additional material concerning the subject matter found in 521.1, see:
- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapters S-1 and S-2.

The Office of Personnel Management (OPM) administers the Federal Employees Health Benefits (FEHB) Program. The FEHB law, policies and regulations issued by OPM, including those governing eligibility and benefits, are controlling in the event of conflict with these instructions.

521.2 Eligible Employees

Reference Note:
For additional material concerning the subject matter found in 521.2 through 521.3, see:
- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-4.

The following employees are eligible for health insurance coverage:

a. Officers in charge, except "off-the-street" officers in charge as noted under 521.3a.

b. Employees in the regular workforce expected to work at least 6 months each year.

c. Employees with career appointments employed to serve under a cooperative work-study program that:

(1) Will be in existence at least 1 year.

(2) Requires the employee to be in pay status at least one-third of the total time required to complete the program.

d. Student-trainees with career appointments serving under a formal cooperative work-study program that requires them to be in a pay status for at least one-third of the total time required to complete the program.

e. Contract executives and others appointed by contract, provided:

(1) The contract requires personal services and covers a period in excess of 1 year.

(2) The individual is under the supervision and direction of the Postal Service.

(3) Work is performed on a full-time or specified part-time basis and the individual is paid on the basis of units of time.

f. American nationals employed at Postal Service installations in American Samoa, Micronesia, and Guam.

g. Noncareer employees (i.e., substitute rural carriers, rural carrier associates, postmaster leave replacements) who meet the following criteria:

(1) Have completed 1 year of continuous employment, disregarding breaks in service of 5 days or less.

(2) Have a predetermined tour of duty.

(3) Have sufficient earnings to cover mandatory withholdings and premium deductions.

521.3 Employees Not Eligible

The following employees, with certain exceptions, are not eligible for health insurance:

a. Casual and temporary employees (including “off-the-street” officers in charge) serving under an appointment limited to 1 year or less, *except* as eligible under 521.2. When individuals are hired as casual or temporary employees and they have previously served in a position in the Postal Service or another federal government agency wherein they were covered by the Health Benefits Program, there must be a break of at least 4 days between such service and the casual or temporary appointment.

b. Substitute rural carriers (*except* those transferred from positions in which they were insured without a break in service of more than 3 calendar days), rural carrier associates, and rural carrier reliefs who do not meet the criteria noted in 521.2g.

c. Members of the armed forces.

d. Noncitizens whose permanent duty stations are located outside the United States or the Panama Canal Zone.

e. Employees paid on a contract or fee basis *except* as eligible under 521.2e. Ineligible contract employees include (1) contract job cleaners; (2) special delivery messengers at post offices in Cost Ascertainment Groups (CAG) H through L; (3) clerks-in-charge of rural or contract stations; (4) mail messengers and all other contract carriers; and (5) clerks and leave replacements at Post Offices in CAG L.

f. Employees whose pay on an annual basis is $350 a year or less or whose salary for the pay period is too small to justify withholdings.

g. Employees expected to work less than 6 months in each year except as provided in 521.2c and d and employees whose employment is of uncertain or temporary duration or for brief intervals.

521.4 Family Member Eligibility

Reference Note:
For additional material concerning the subject matter found in 521.4 through 521.5, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-11.

521.41 General

521.411 Responsibility of Employing Office

The employing office is responsible for determining whether or not a person is a family member for health benefits purposes for an enrolled employee. It is that person's relationship to the employee that is controlling. The employing office must satisfy itself that an event has occurred that permits enrollment or a change in enrollment under the FEHB program. Documentary evidence may be requested as appropriate (e.g., marriage certificate, birth certificate, divorce decree, etc.). However, it is not necessary that such evidence be retained. The carrier is not notified at the time the original determination is made regarding the eligibility status of an enrollee's family member, but the carrier may request evidence to verify the eligibility of the family member at the time benefits for that family member are claimed.

521.412 Family Members Eligible

The employee's spouse and unmarried dependent children under age 22, including legally adopted children and recognized natural (illegitimate) children, are eligible for coverage.

Stepchildren and foster children are eligible if they live with the employee in a regular parent-child relationship.

An unmarried child over 22 who is incapable of self-support because of mental or physical incapacity that existed before the child's 22nd birthday is eligible if the incapacity is established as explained in 526.

521.42 Determining Family Membership Status of Children

521.421 Adopted Children

Applicable state law governs whether or not a child has been adopted. The child is considered adopted for health benefits purposes if the adoption decree is final or if it is interlocutory and state law provides that the rights of the child generally are the same as those of an adopted child.

521.422 Stepchildren

If not contrary to state law, the illegitimate child or adopted child of the employee's spouse is the employee's stepchild. However, a stepchild by a previous marriage of the employee's spouse is not the employee's stepchild. Whether or not an employee's stepchild remains a stepchild and a family member after the employee's divorce from, or the death of, the natural parent is determined in accordance with applicable state law:

a. The majority of states rule that the relationship of the stepchild continues.

b. A minority of states rule that the relationship is terminated by the death of, or divorce from, the natural parent.

c. If there is no authoritative state ruling, the majority rule is followed. This does not affect the requirement, which still must be met, that the stepchild live with the employee in a regular parent-child relationship.

521.423 Foster Children

To be considered a foster child for health benefits purpose, the child must live with the employee in a regular parent-child relationship, and the employee must be rearing the child as his or her own. The employee need not be related to the child nor have taken steps to legally adopt the child, but there must be an expectation that the employee will continue to rear the child into adulthood.

a. Usually the employee is responsible, in whole or in part, for the child's support. However, a foster parent-child relationship between the child and an employee may exist even though the child receives support from other than the employee (e.g., Social Security payments, support payments from a parent).

b. Common examples of a foster parent-child relationship are the following:

(1) A child's parents have died and the child is living with and supported by a grandparent (or other close relative) who is an employee.

(2) A grandchild is living with an employee who supports the child financially and intends to raise him or her to adulthood. This situation may exist even if one natural parent also lives with the employee and the child.

(3) A child is living with an employee under a preadoption agreement.

(4) A child is in the legal custody of an employee.

Note: A Certification of Foster Child Status must be signed by the employee and filed as a permanent document in the employee's

official personnel folder. For a sample certification, see Exhibit 521.423.

c. A child who has been placed in the employee's home by a welfare or social service agency under an agreement whereby the agency retains control of the child or pays for maintenance does not qualify as a foster child as there is no regular parent-child relationship. Similarly, an arrangement under which a child is temporarily living with an employee as a matter of convenience does not qualify the child as a foster child.

521.424 **Child's Temporary Absence on "Living-With" Requirement**

Periods of temporary absence while attending school or for other reasons do not affect the family member status of stepchildren or foster children otherwise considered to be living with the employee in a regular parent-child relationship. Also, an employee's stepchild, or foster child, who lives with the employee at least 6 months a year under a court order directing shared custody may be considered living with the employee in a regular parent-child relationship.

521.425 **Effect of Child's Marriage on Family Member Status**

Married children do not have family member status. If their marriages dissolve, the following rules apply:

a. *Divorce or Death.* A child, under age 22 or incapable of self-support, who is divorced or widowed is considered to be unmarried. Effective January 1, 1979, a child who was married at the time the parent enrolled for Self and Family, or who married after the parent's enrollment became effective, is considered a family member upon divorce or upon the death of a spouse.

b. *Annulment.* Annulment of a marriage of a child under age 22 has the effect of restoring family member status to the child. The restoration of a child's family member status and coverage under a continuing family enrollment dates back to the effective date of the annulment decree in the case of a voidable marriage (i.e., one that was legal when performed but was annulled, e.g., for fraud or lack of consummation). If the marriage was illegal from the beginning (i.e., one of the partners was already married), there is no break in family member status and coverage under a family enrollment continues uninterrupted.

521.5 Relatives Not Eligible

The employee's parents, brothers, sisters, and relatives, except those eligible under 521.4, are not eligible for health benefits coverage as family members even though they may live with and be dependent upon the employee for support.

Exhibit 521.423
Certification of Foster Children

UNITED STATES POSTAL SERVICE

Federal Employees Health Benefits Program
Certification of Foster Children

I have been informed of the following requirements for coverage of a foster child under the Federal Employees Health Benefits Program and/or Option C of the Federal Employees' Group Life Insurance Program:

1. The child must be unmarried and under age 22. (If the child is over age 22, he or she can only be covered if he or she is incapable of self-support because of a disabling condition that began before age 22. I must provide documentation of this to my employing office.)
2. The child must be living with me.
3. The parent-child relationship must be with me, not with the biological parent. This means that I am exercising parental authority, responsibility, and control; I am caring for, supporting, disciplining, and guiding the child; I am making the decisions about the child's education and health care.
4. I must be the primary source of financial support for the child.
5. I must expect to raise the child to adulthood.

I understand that if the child moves out of my home to live with a biological parent, he or she loses coverage and cannot ever again be covered as a foster child unless the biological parent dies, is imprisoned, or becomes incapable of caring for the child due to a disability, or unless I obtain a court order taking parental responsibility away from the biological parent.

This is to certify that [__*name of child*__] lives with me; I have a regular parent-child relationship with [__*name of child*__], as described above; I am the primary source of financial support for [__*name of child*__]; and I intend to raise [__*name of child*__] into adulthood.

I will immediately notify both my employing office and the health benefits carrier if the child marries, moves out of my home, or ceases to be financially dependent on me.

[__*print name of employee/annuitant*__] [__*Social Security number*__]

[__*signature of employee/annuitant*__] [__*date*__]

FILE THE ORIGINAL IN THE EMPLOYEE'S OFFICIAL PERSONNEL FILE

521.6 Former Spouses

Reference Note:
For additional material concerning the subject matter found in 521.6, see:
- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-17.

521.61 Eligibility Determination

521.611 Requirements

Former spouses of employees are eligible to enroll for health benefits coverage under the FEHB Program if they meet all of the following requirements:

a. Based on a qualifying court order or divorce decree, the OPM has granted the former spouse a portion of the employee's annuity or a survivor benefit.

b. The former spouse, if under the age of 55, has not remarried.

c. The former spouse was covered as a family member in an FEHB plan at any time during the 18 months preceding the date of the dissolution of marriage.

d. The application for coverage is filed within 60 days after the marriage is dissolved. (If the application is mailed, the postmark is used in determining the 60-day time limit.)

521.612 Office of Personnel Management Responsibility

OPM is responsible for determining whether a former spouse is entitled to receive a survivor annuity or a portion of the employee's retirement annuity as a prerequisite to the former spouse's eligibility to enroll in the FEHB program.

The former spouse forwards the request for determination to:

OFFICE OF RETIREMENT PROGRAMS
RETIREMENT AND INSURANCE GROUP
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 17
WASHINGTON DC 20044-0017

The request must contain as much information as possible, including the employee's name, date of birth, Social Security number, and employing office, and a certified copy of the court order or divorce decree.

OPM sends the former spouse a written decision once it has reviewed all the information provided by the former spouse.

521.613 Employing Office Responsibility

The employing office for which the employee worked at the time the marriage dissolved is responsible for accepting the former spouse's application for health benefits coverage under the FEHB program. The former spouse's application for health benefits may be in the form of an SF 2809, *Employee Health Benefits Election Form,* letter, or a written statement to the employing office. The application preserves the former spouse's FEHB enrollment right until the eligibility determination is made.

After the former spouse provides the employing office with a copy of OPM's decision as required by 521.612, the employing office makes its determination regarding the former spouse's eligibility to enroll under the FEHB Program by verifying whether the requirements stated in 521.611b and 521.611c have been met. In order to make this determination, the employing office:

a. Reviews the SFs 2809, the SFs 2810, *Notice of Change in Health Benefit Enrollment,* and the *PostalEASE* Federal Employees Health Benefits (FEHB) Worksheets in the employee's official personnel folder (OPF) to determine if the former spouse was covered as a family member in an FEHB enrollment at any time during the 18 months preceding the date of the dissolution of marriage.

b. Verifies the former spouse's age and, if under age 55, verifies that the former spouse has not remarried.

521.62 Documentation of Eligibility

521.621 Eligible for Coverage

If the former spouse meets all the requirements stated in 521.61, and is, therefore, eligible for coverage, the employing office notifies the former spouse in writing of its determination. The notification of eligibility acknowledges the documents on which the employing office based its decision, i.e., proof that the former spouse has not remarried prior to age 55 and that the former spouse was enrolled under the FEHB Program at some point during the 18 months prior to divorce. An RI 70-5, *Guide to Federal Employees Health Benefits Plans for TCC and Former Spouse Enrollees,* and a statement of the requirements for continued enrollment (Exhibit 523.62) are forwarded to the former spouse with the notification. See 523.6 for enrollment procedures.

521.622 Ineligible for Coverage

If the employing office determines, after its review, that the former spouse has not met the eligibility requirements for health benefits coverage stated in 521.61, it notifies the former spouse of its determination in writing. The notification of ineligibility must provide the former spouse the right to request reconsideration of its decision in accordance with 521.63. It must also state the reason for the denial, specify the time limit for making the reconsideration request, and include the address for forwarding the request (see 521.63). In cases where an associate office is the employing office, the appropriate district is responsible for determining the former spouse's ineligibility and for preparing the notification denying that individual health benefits coverage.

521.63 Request for Reconsideration

A former spouse denied health benefits coverage by an employing office may request reconsideration of an employing office's refusal to permit him or her to enroll. The request is made in writing and sent within 30 days of the employing office's letter of denial to the area Human Resources address identified in the denial letter. Requests must include the employee's name and date of birth, reasons for the request, and a copy of the denial letter. The decision rendered by the area office is final.

521.7 Temporary Continuation of Coverage

Reference Note:
For additional material concerning the subject matter found in 521.7, see:
- Management Instruction EL-520-91-2, *FEHB: Temporary Continuation of Coverage,* March 27, 1991.

Specific individuals who lose entitlement to health benefits may qualify to enroll under the Temporary Continuation of Coverage (TCC) Program. This program provides health benefits enrollment opportunities to allow continuation of benefits beyond the 31-day extension period that follows termination. Election is allowed in any plan or option available for which the individual meets the enrollment criteria, if any.

521.71 Eligibility

521.711 Eligible for Coverage

Individuals identified below are eligible to continue enrollment beyond the 31-day extension period allowed following termination of coverage:

a. Employees who separate voluntarily or involuntarily, except those who are separated due to gross misconduct.

b. Annuitants who at time of retirement do not meet the criteria to continue enrollment into retirement.

c. Children who have been covered under an employee or annuitant's enrollment because they met the requirements for unmarried, dependent children and no longer meet these requirements. This group includes children who:

(1) Marry before reaching age 22.

(2) Lose coverage because they reach age 22.

(3) Lose their status as stepchildren or foster children.

(4) No longer meet coverage requirements as recognized natural children.

(5) Are disabled, age 22 and older, and who marry, recover from their disability, or become able to support themselves.

d. Former spouses who are enrolled as family members in FEHB sometime during the 18 months prior to the end of the marriage, but who are not entitled to coverage under the Spouse Equity Act (see 521.611) or who are awaiting approval or disapproval from OPM of entitlement to coverage under the Spouse Equity Act.

521.712 Ineligible for Coverage

Family members are not eligible to continue coverage beyond the 31-day extension period if loss of coverage is due to any of the following:

a. Employee changes to Self Only or cancels coverage.

b. Employee serves 12 months in nonpay status.

c. Annuity is terminated.

d. OWCP benefits are terminated.

e. Employee transfers to a position excluded from FEHB.

f. Widows and/or children do not qualify for survivor benefits.

g. Survivor annuity or children's benefits are terminated.

521.72 Agency Responsibilities

521.721 Office of Personnel Management Responsibility

OPM has contracted with the National Finance Center (NFC) to act as the central processing office for the collection of FEHB premiums under the TCC program.

521.722 National Finance Center Responsibility

The NFC:

a. Establishes and maintain accounts.

b. Performs billing and collection functions.

c. Handles FEHB Open Season for TCC enrollees.

521.723 Employing Office Responsibility

The employing office:

a. Notifies separating employees of conversion rights.

b. Notifies children and former spouses of conversion rights.

c. Assists in enrollment in the TCC program.

d. Forwards enrollment information to the NFC.

e. Maintains copies of documents regarding TCC enrollment.

f. Responds to NFC inquiries.

The local personnel office must collect, review, and approve all SF 2809 forms before forwarding the appropriate copies to the NFC for processing.

521.73 Time Limitations for Enrollment

SF 2809 forms to enroll in the TCC program must be received by the local personnel office within the specific time frames noted below:

a. *Former Employees.* Forms must be received within 60 days after the later of the date of separation or the date the SF2810 is received from the Postal Service.

b. *Children — employing office notified by the employee within 60 days of the event causing the loss of coverage.* Forms must be received within 60 days after the later of the date of the qualifying event (birthday, marriage date, etc.) or the date the notice is received from the Postal Service.

c. *Children — employing office not notified by the employee within 60 days of the event causing the loss of coverage.* Forms must be received within 60 days after the date of the qualifying event.

d. *Former Spouses.* Forms must be received within 60 days of the later of the date of the qualifying event or the date coverage is lost under the Spouse Equity Act, or, if the employee or spouse notifies the agency within 60 days of the date of the event, the date notice is received from the Postal Service.

521.74 Length of Coverage

Generally, coverage begins on the thirty-second day after the qualifying event that terminates enrollment for children and former spouses, allowing for the free 31-day extension of coverage.

Former employees may continue coverage for up to 18 months from the separation date; children and former spouses may continue coverage for up to 36 months from the date of the qualifying event. Coverage may end sooner if the individual fails to pay premiums, voluntarily cancels coverage, or again acquires coverage under the regular FEHB provisions.

521.75 Premiums

TCC enrollees pay the full premium cost (both the employee and Postal Service shares) plus a 2 percent administrative surcharge. All premiums are made by coupon payment and in accordance with a schedule as directed by NFC.

522 Health Insurance Plans Available

Reference Note:
For additional material concerning the subject matter found in 522, see:
- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-3.

522.1 Types of Participating Plans

522.11 Service Benefit Plan

The Service Benefit Plan is a government wide plan available to all eligible Postal Service employees no matter where they reside. It is sponsored and administered by the national Blue Cross-Blue Shield organization. Generally, it provides benefits through direct payments to doctors and hospitals.

522.12 Employee Organization Plans

Employee organization plans are sponsored by an employee organization (or union) and are available only to employees who are, or who become, members of the particular sponsoring organization. Generally, they provide benefits by cash reimbursement to either the employee or, at the employee's request, directly to doctors and hospitals. Information concerning membership is obtained from the local representative or directly from the headquarters office of the employee organization (or union).

522.13 Comprehensive Medical Plans

Comprehensive medical plans are available to employees in certain geographic localities only. This plan is either a group-practice plan that provides benefits in the form of medical services by teams of doctors and technicians practicing in their own medical centers, or it is an individual-practice plan that provides direct payments to doctors with whom the plan has an agreement. These plans also provide hospital benefits. The enrollment area for each plan is stated in its brochures.

522.2 Description of Participating Plans

Each plan has a brochure that fully describes the benefits, maximums, limitations, exclusions, and other provisions of the respective plan.

523 Registration

Reference Note:
For additional material concerning the subject matter found in 523 through 523.33, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-5.

523.1 Initial

All employees who initially become eligible must register either to enroll or not to enroll in a plan by completing a *PostalEASE* FEHB Worksheet. An employee registering not to enroll is thereafter precluded from enrolling until the occurrence of an event permitting enrollment as stated in 524.52. Except as stated in 523.3, employees must register within 60 days after they become eligible. Each installation has a follow-up system to remind employees of the 60-day deadline for enrolling and to insure that all employees register on a timely basis. See 524.64 for effective date of coverage.

523.2 Employee Declines to Enroll

When an employee declines to register or waives enrollment, the employing installation contacts the employee and verifies the employee's intentions within the 60-day enrollment period, if practicable. If the employee refuses to enroll, the employing installation fills out a *PostalEASE* FEHB Worksheet with the employee's name, employee identification number, etc. A notation is made in the Remarks section that the employee was contacted but declined to enroll.

523.3 Late Enrollment or Change in Enrollment

523.31 Accepting Late Enrollment

If an employing office determines that an employee was unable, for causes beyond control, to enroll or to change enrollment within the prescribed time limits, it may accept the enrollment within 60 days after notifying the employee of its determination. The employing office must decide whether or not the employee's reason for not enrolling on time was "cause beyond control." See 523.32 for examples of causes beyond an employee's control.

523.32 Causes Beyond Employee's Control

An employee's failure to enroll on time because of an error in judgment or because of failure to read informational material is not considered a cause

beyond the employee's control. Some examples of causes beyond an employee's control are:

a. Employee was on extended leave away from home, or detached service in another locality, during the time employee would ordinarily have been able to enroll.

b. Employing installation failed to give new employee information concerning health benefits coverage.

c. Employing installation officials previously advised the employee that he or she was not eligible to enroll.

d. Employee formerly covered under someone else's enrollment was not notified of the termination of coverage in a timely manner.

523.33 Procedures for Documenting Late Enrollment

When an employing office accepts a late enrollment or change in enrollment, it should record in the Remarks section of the *PostalEASE* FEHB Worksheet its determination that the employee was unable to enroll in a timely manner or to change enrollment due to causes beyond the employee's control, giving the date the employee was notified of the determination. In the case of an employee who is enrolling, it is especially important that this information is documented on the FEHB Worksheet for purposes of meeting the "enrolled from first opportunity or last 5 years" requirement for continuing enrollment after retirement. The employee's reason for failing to enroll on time need not be stated on the FEHB Worksheet; however, a memo stating the reason should be attached to the OPF copy of the form.

When enrolling for an employee, the representative signs his or her own name on the FEHB Worksheet and adds after it "For [__*name of employee*__]." The employing office attaches the written authorization to the official personnel folder copy of the FEHB Worksheet and writes "Authorization attached" in the Remarks section of the form.

523.34 Effective Date of Late Enrollment

Reference Note:
For additional material concerning the subject matter found in 523.34, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-7.

523.341 Belated FEHB Open Season Enrollment

FEHB Open Season enrollments or enrollment changes that are filed late due to circumstances beyond an employee's control take effect retroactive to the effective date of the open season change. See 524.61 for information concerning effective date of an open season enrollment or enrollment change.

523.342 Late Enrollment Other Than FEHB Open Season

A late enrollment (other than open season) may not be made retroactively. When an employing office determines an employee was unable, for causes beyond the employee's control, to enroll or to change an enrollment within the time limit prescribed, the employing office accepts the employee's

enrollment within 60 days after notifying the employee of the determination. For effective date see 524.64.

523.4 Enrollment by Proxy

Reference Note:
For additional material concerning the subject matter found in 523.4 through 523.5, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-5.

An employing office may permit a representative of an employee to enroll for the employee if the representative has written authorization to do so. Enrollment by proxy is appropriate when an employee is unable to enroll on time (e.g., it is very difficult to reach the employee, or the employee expects to be hospitalized when the next enrollment opportunity occurs).

When enrolling for an employee, the representative signs his or her own name on the SF 2809 and adds after it "For [__*name of employee*__]." The employing office attaches the written authorization to the official personnel folder copy of the SF 2809 and writes "Authorization attached" in the Remarks section of the form.

523.5 Enrollment in an Employee Organization Plan

Employees who are not members of employee organizations may enroll in a plan sponsored by an employee organization if they promptly take steps to become members. The employing office need not ascertain whether or not an employee is a member of an organization when accepting the enrollment form to enroll in the organization plan. The organization verifies membership. However, the employing office ascertains that the employee understands that membership in the organization that sponsors the plan is required.

523.6 Enrollment by a Former Spouse

Reference Note:
For additional material concerning the subject matter found in 523.6, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-17.

523.61 Enrollment Form

Former spouses eligible to enroll for health benefits coverage under the FEHB program must enroll for coverage by completing SF 2809. Former spouses complete Part A of the form using their own name, date of birth, and Social Security number.

The employing office enters the name, date of birth, and employee identification number of the employee in the Remarks section of the SF 2809. The following statement is also included in the Remarks section: "Former spouse is eligible to enroll by authority of the CSR Spouse Equity Act (Public Law 98-615)." An event number is not required in Part C.

All SFs 2809 for former spouses are forwarded to the NFC at the following address:

DPRS BILLING UNIT
NATIONAL FINANCE CENTER
PO BOX 61760
NEW ORLEANS LA 70161-1760

523.62 Statement Signed by Former Spouse

Former spouses enrolling for health benefits coverage are required to sign a statement certifying that the employing office will be notified within 31 days of any event that will terminate eligibility for health benefits coverage. Exhibit 523.62 is used for this purpose.

523.63 Employing Office Records on Former Spouse

523.631 Establishing File

The employing office establishes and maintains a health benefits file for the former spouse. The file is kept separate from the personnel records of the employee. The file is established in the name of the former spouse. The name and date of birth of the employee on whose service the former spouse's benefits are based are also noted on the front cover of the file established for the former spouse.

523.632 Contents of File

The following documents are kept in the former spouse's health benefits file:

a. The former spouse's letter (the application) to the employing office requesting enrollment (if the former spouse does not apply in person). If the former spouse applies in person, the employing office keeps a record that the former spouse applied within the 60-day time limit. This can be in the form of a brief statement signed by the former spouse with the receipt date noted by the employing office.

b. A copy of the court order or divorce decree used by OPM to determine eligibility.

c. A copy of OPM's written notification to the former spouse verifying the acceptability of the court order.

d. The employing office's copy of the SF 2809 or *PostalEASE* FEHB Worksheet documenting the former spouse's enrollment, enrollment changes, or cancellation.

e. The employing office's copy of the SF 2810 terminating or transferring the enrollment.

f. Copies of all correspondence relating to the former spouse's enrollment, e.g.:

(1) The employing office's letter approving or denying eligibility for health benefits coverage along with documents on which the agency's eligibility decision is based.

(2) The former spouse's agreement (Exhibit 523.62) to notify the employing office within 31 days of an event that terminates eligibility.

(3) The NFC letter requesting payment of overdue premiums prior to terminating coverage.

(4) Documents pertaining to a child's physical disability before age 22.

(5) Court order terminating entitlement to survivor annuity or a portion of a retirement annuity.

(6) Letter from the former spouse canceling the enrollment; and OPM's notice that a refund has been made to a former employee or that the former employee has died and no survivor annuity is payable.

523.633 **Access to File**

Disclosure of the contents of the former spouse's file must be consistent with the provisions of the Privacy Act.

523.634 **Disposition of File**

The employing office maintains the former spouse's health benefits file for as long as the NFC maintains the enrollment. The file is transferred to OPM upon the occurrence of one of the following events:

a. The former spouse cancels the enrollment.

b. The employing office terminates the enrollment.

c. The former spouse begins receiving an annuity payment (a portion of the employee's retirement annuity or a survivor annuity).

If the former spouse does not qualify for coverage under the Spouse Equity Act provisions, the personnel office must keep a file containing the records for at least 1 year from the date of notice stating that he or she did not qualify. Then the contents of the file may either be destroyed or returned to the former spouse.

Exhibit 523.62
Statement by Former Spouse Regarding FEHB Coverage Under the Spouse Equity Act

UNITED STATES POSTAL SERVICE

Statement by Former Spouse
Regarding FEHB Coverage Under the Spouse Equity Act

I understand that I must notify the office maintaining my health benefits enrollment within 31 days of one or more of the following events and that the occurrence of any one of the events will result in termination of my coverage under the Federal Employees Health Benefits Program:

1. The court order ceases to provide entitlement to survivor annuity or portion of retirement annuity under a retirement system for federal or Postal Service employees.
2. I remarry before age 55.
3. I remarry the employee, separated employee, or annuitant on whose service my benefits are based.
4. Employee on whose service the benefits are based dies and no survivor annuity is payable.
5. Separated employee on whose service the benefits are based dies before the requirements for deferred annuity have been met.
6. Employee on whose service benefits are based leaves federal or postal service before establishing title to deferred annuity.
7. Refund of retirement monies is paid to the separated employee on whose service the health benefits are based.

[__*signature of former spouse*__]
[__*date*__]

524 Enrollment

Reference Note:
For additional material concerning the subject matter found in 524 through 524.4, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-6.

524.1 Types of Enrollment

524.11 Self Only

A Self Only enrollment provides benefits only for the enrolled employee. An eligible employee may enroll for Self Only even though the employee has a family.

524.12 Self and Family

A Self and Family enrollment provides benefits for the enrolled employee and eligible family members. It automatically covers all eligible family members even if they are not listed on the *PostalEASE* FEHB Worksheet and even if the enrolled employee may wish to exclude some of them. An employee's failure to list an eligible family member does not deprive the member of the right to benefits under a family enrollment.

Notes:

a. Eligible employees may enroll for Self and Family even though it appears they have no family members.

b. The listing on the FEHB Worksheet of a person who is not a family member does not entitle that person to benefits.

c. If an employee lists on the FEHB Worksheet a person who is not an eligible family member, the employing office explains to the employee that the person is not eligible for coverage. The ineligible person's name is deleted from the FEHB Worksheet.

524.2 Husband and Wife Both Eligible to Enroll

No person may be covered by two enrollments. Thus, if both husband and wife are federal or Postal Service employees and are eligible to enroll, one or the other may enroll for Self and Family, or each may enroll for Self Only in the same or different plans.

524.3 Dual Coverage Restriction

524.31 General

The law prohibits an individual from being enrolled under his or her own name while covered as a family member of another person enrolled either under this program or under the Retired Federal Employees Health Benefits Program.

524.32 Procedures to Be Followed by Employing Office

To avoid illegal dual enrollments, the employing office checks each enrollment to make sure an employee is not covered under two enrollments.

If there is a dual enrollment, arrangements are made to terminate one of the enrollments as soon as possible. If the employees involved cannot agree on which enrollment will continue, the employing office or offices make(s) the decision in accordance with the following principles:

a. Coverage of any children who are eligible family members is protected.

b. A family enrollment takes precedence over a Self Only enrollment.

If the person whose enrollment must be terminated in order to avoid or eliminate dual coverage refuses to cancel, the employing office cancels the enrollment, identifying the action on the *PostalEASE* FEHB Worksheet as an agency action, and explains the reason for the cancellation.

When an enrollment is voided or cancelled in order to eliminate illegal dual coverage, the health benefits premiums deducted from the employee's pay during the illegal enrollment are refunded.

524.4 Correction of Erroneous Enrollment

The enrollment of a person who is excluded from participation in the health benefits program because of the nature of employment, but who was permitted to enroll through error, is terminated or voided (as appropriate) by the employing office as soon as the error is discovered. The employing office makes sure that all employees whose erroneous enrollments are so terminated or voided understand what action has been taken regarding their enrollments, the reasons for, and effect of, such action as the following:

a. *Terminated Enrollments.* Enrollments are terminated if withholdings and contributions were made during the period of erroneous enrollment. Termination is effective at the end of the pay period in which the action to terminate is taken. No adjustments are made for contributions and withholdings that have already been made and the employee, and covered family members are entitled to the full benefits of the plan during the time the employee was erroneously enrolled. The employee is entitled to convert to a nongroup contract, the same as any other employee whose enrollment is terminated.

b. *Voided Enrollments.* If no withholding or contributions were made before the erroneous enrollment was discovered, the enrollment is voided. The employee is responsible for any benefits provided, and the carrier is responsible for recoupment of any claims expense incurred during this period.

524.5 Enrollment or Change in Enrollment

Reference Note:
For additional material concerning the subject matter found in 524.5 through 524.537, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-7.

524.51 General

An employee is given the opportunity to enroll or to make changes in enrollment only as specified herein. The determination of an employee's

eligibility to enroll or change enrollment under the FEHB Program is made by the employing office. Therefore, employees are required to provide the employing office with sufficient evidence to justify a request to enroll or change enrollment under the Program.

524.52 Events Permitting

524.521 New Appointment

A new employee eligible for coverage may enroll within 60 days after date of appointment in any available plan, option, and type of enrollment.

524.522 Change in Employment Status

Employees who have been employed under conditions excluding them from coverage but whose employment later changes so that they are no longer excluded, may enroll in a plan of their choice within 60 days after the change.

524.523 FEHB Open Season

During FEHB Open Season, eligible employees who are not enrolled may be enrolled, and enrolled employees may change enrollment from one plan or option to another, or from Self Only to Self and Family, or both.

524.524 Reemployment After Break in Service of More Than 3 Days

An eligible employee who is reemployed after a break in service of more than 3 days may enroll or not to enroll within 60 days after date of new appointment as though a new employee.

524.525 Return to Duty After 365 Days in Nonpay Status

An employee whose enrollment is terminated because the employee has been in a nonpay status for 365 days may enroll within 60 days after return to pay status. The employee may enroll in any plan, option, and type of enrollment as though a new employee. An eligible employee who was not enrolled when nonpay status began is not permitted to enroll upon return to pay status. However, if an event occurred that would have permitted enrollment while in nonpay status (e.g., marriage or FEHB Open Season), the employee's enrollment is accepted as a late enrollment due to cause beyond the employee's control (see 523.3).

524.526 Return From Military Service

The following provisions apply:

a. A nonenrolled employee who entered the military for service not limited to 30 days or less may enroll in either option of any plan available within 60 days after return to civilian duty.

b. An enrolled employee whose enrollment ended on entry into military service has the same enrollment reinstated, effective the day of restoration to duty in a civilian position, in the exercise of reemployment rights.

c. The restored employee whose enrollment is reinstated may change enrollment from Self Only to Self and Family or the reverse, or from one option or plan to another, or a combination of these changes, within 60 days after restoration to duty in a civilian position.

524.527 Loss of Coverage Under Federal Programs

An employee who loses coverage under any federally-sponsored health benefits program or under the Retired Federal Employees Health Benefits

Program may enroll under the FEHB within 60 days after termination of coverage for any reason.

524.528 **Eligible for Medicare**

An employee may change enrollment from one option to another of any available plan at any time beginning on the 30th day before the employee becomes eligible for Medicare.

524.529 **Change to Self Only**

The option to change from Self and Family to Self Only at any time during the year is available only to those employees whose health premiums are being paid on an after-tax basis. For those employees with health benefit premiums being paid on a pre-tax basis, a change to Self Only may only be processed during FEHB Open Season or following a qualified life status change. Requests due to qualified life status changes must be received in the local personnel office from the employee within 60 days of the qualifying change. The following list of qualified life status changes is published in RI 70-2, *Guide to Federal Employees Health Benefits Plans:*

a. The employee marries (including a valid common law marriage, in accordance with applicable state law), divorces, or legally separates, or his or her marriage is annulled.

b. The employee adds a qualified dependent (for example, the employee or his or her spouse gives birth to a child, the employee adopts a child, or the employee's dependent now satisfies eligibility requirements).

c. The employee loses a qualified dependent (for example, the employee or his or her spouse or dependent dies, the employee's child is placed for adoption, or his or her dependent now ceases to satisfy eligibility requirements).

d. The employee or his or her spouse or dependent has a change in work site or residence.

e. The employee's spouse or dependent starts or ends employment, an unpaid leave of absence, or a strike or lockout; or has a change in employment status making that person eligible or ineligible for a benefit plan.

f. A court order, judgment, or decree (resulting from a change in marital status or legal custody) requires the employee to begin providing coverage for his or her child or requires another person to do so.

g. The employee or his or her spouse or dependent becomes or ceases to be eligible for Medicare, Medicaid, or TRICARE.

h. The employee begins or ends an unpaid leave of absence.

i. The employee's spouse or dependent elects to change health coverage under another employer's plan, either based upon a qualified life status change or for a period of coverage that is different from that of the Postal Service, qualifying the employee to eliminate any duplicate coverage.

For information on effective dates, see 524.6.

524.53 Family Changes Affecting Enrollment

524.531 Change in Marital Status

The following provisions apply:

a. *Criteria.* A change in marital status is any one of the following:

(1) Marriage (including a valid common law marriage, in accordance with applicable state law).

(2) Divorce.

(3) Annulment.

(4) Death of spouse.

b. *Options.* As a result of a change in marital status, an employee may enroll or, if already enrolled, may change the enrollment from Self Only to Self and Family, or from one plan or option to another, or both, during the period beginning 31 days before a change in marital status and ending 60 days after the change. If an enrollment or change of enrollment becomes effective before the anticipated date of change in marital status and the change in marital status does not occur, the action taken is voided.

c. *Coverage for New Spouse.* An employee may provide immediate coverage for the new spouse by filing SF 2809 during the pay period before the anticipated date of the marriage. If the effective date of the change is before the marriage, the new spouse is not eligible for coverage until the actual day of the marriage.

d. *Name Change.* A female employee who enrolls on this basis before the date of her marriage enters her name in Part A of SF 2809 as "Now: [__*former name*__] will be: [__*married name*__]." An enrolled female employee who changes her enrollment also enters her former name and her new married name. The reason for the change and the date of the marriage is given in Part C of SF 2809.

524.532 Change in Family Status

The following provisions apply:

a. *Criteria.* Generally, a change in family status is an event that adds or decreases the number of family members. Specifically, any of the following events is a change in family status for health benefits purposes:

(1) Birth of a child.

(2) Legal adoption by the enrollee of a child under age 22 or the acquisition of a foster child under age 22.

(3) Entry into, or discharge from, military service of a spouse or of a child under age 22.

(4) Issuance or termination of a court order granting to the enrollee or spouse interlocutory divorce, limited divorce, legal separation, or separate maintenance. Another court order that is considered a change in family status is an order specifically requiring an employee to enroll for his or her children or to provide health benefits protection for them.

b. *Options.* An enrolled employee who has a change in family status (other than a change in marital status) may change enrollment from Self Only to Self and Family, or from one plan or option to another, or both, during the period beginning 31 days before a change in family status and ending 60 days after the change. If husband and wife are each enrolled for Self Only and wish to have a Self and Family enrollment because of a change in family status, one may change to a Self and Family enrollment if the other cancels the Self Only enrollment.

524.533 **Change in Spouse's Employment Status**

The following provisions apply:

a. *General Rule.* When both wife and husband are covered under the FEHB in Self Only enrollment and a change in enrollment status results in one of them losing eligibility for health benefits, the eligible employee may change enrollment from Self Only to Self and Family, or from one plan or option to another, or both, during the period beginning 31 days and ending 60 days after the date of loss of coverage.

b. *Spouse Involuntarily Separated.* An employee who loses coverage under a spouse's nonfederal enrollment for any reason may enroll under the FEHB or change an enrollment from Self Only to Self and Family, or from one plan or option to another, or both, during the period beginning 31 days before and ending 60 days after the date of loss of coverage.

c. *Spouse Ends Job to Accompany Reassigned Employee.* An employee whose reassignment is directed out of the commuting area and who loses coverage under a spouse's nonfederal enrollment because the spouse terminates employment to accompany the employee may enroll under the FEHB or change an enrollment from Self Only to Self and Family, or from one plan or option to another, or both, during the period beginning 31 days before the date the employment terminates in the old commuting area and ending 180 days after entry on duty at the place of employment in the new commuting area.

524.534 **Employee Loses Coverage as Family Member**

The following provisions apply:

a. *Change to Self Only or Voluntary Cancellation.* An employee enrolled for Self and Family may change enrollment to Self Only or cancel coverage as outlined in 524.529 and 524.71. This action may cause an employee listed as a family member of another employee to lose coverage. If this occurs, the losing employee may enroll for Self Only or Self and Family in either option of any plan, during the period beginning 31 days before and ending 60 days after the change to Self Only or cancellation has been filed.

b. *Other Than Change to Self-Only or Cancellation.* If an employee loses coverage as a family member for any reason other than cancellation or change in the covering enrollment to Self Only, the employee may enroll for Self Only, or for Self and Family, in either option of any plan available beginning 31 days before and ending 60 days after termination of the covering enrollment. This may occur when (1) enrolled spouse or parent enters military service or separates from

federal or Postal Service rolls, or (2) employee covered by parent's enrollment becomes 22 or marries.

c. *Death.* If the covering enrollment terminates because of the death of the enrolled spouse or parent, the surviving employee has 60 days in which to enroll. If the employee also becomes a survivor annuitant, the enrollment may continue as that of a survivor annuitant, or the employee may enroll in any plan for which eligible as an employee whose marital status has changed. If the employee elects to enroll as an employee and later is separated, or the employee status otherwise changes so that enrollment must be terminated, the employee may continue the enrollment as a survivor annuitant. In this event, the employing office terminates the enrollment on SF 2810 and advises the survivor annuitant to apply to the Office of Personnel Management for continuation of enrollment as an annuitant.

524.535 **Loss of Coverage Under Parent's Nonfederal Plan**

An employee who loses coverage under a parent's nonfederal health plan may enroll under the FEHB within 31 days after losing coverage under the parent's nonfederal plan for any reason.

524.536 **Loss of Dependent Coverage Under Spouse or Other Parent's Nonfederal Plan**

An employee whose children lose coverage under the other parent's nonfederal health plan may enroll or change enrollment from Self Only to Self and Family, or from one plan or option to another, or both during the period beginning 31 days before and ending 60 days after the children's loss of coverage.

524.537 **Employee Reaches Age 19**

An employee who is not enrolled may enroll in either option of any plan available within 60 days after becoming 19.

524.54 Family Changes Not Affecting Enrollment

Reference Note:
For additional material concerning the subject matter found in 524.54, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-11.

524.541 **General**

If a change in the employee's family does not affect enrollment, it is not necessary to report such change to the employing office for health benefits purposes. However, the employee's plan may request this information including evidence of family relationship. Examples of changes that will not affect enrollment are:

a. Birth of a child when the parent already has a family enrollment.

b. Death of the employee's spouse when there are surviving children and the employee has a family enrollment.

c. Attainment of age 22 or marriage of a child of an employee when there are other children or a spouse still covered under the family enrollment.

524.542 **Name Change**

If an employee's name changes for any reason, the employing office reports the change to the health benefits plan.

Example: An employee legally changes names or a female enrolled for Self Only marries but retains her Self Only enrollment. If no other changes are involved, the employing office reports the name change on SF 2810.

If a female employee with a Self Only enrollment reports a name change due to marriage, the employing office reminds her of the opportunity to change her enrollment. If she decides to change her enrollment, no SF 2810 is required, but a *PostalEASE* FEHB Worksheet is submitted in accordance with 524.531d.

524.6 Effective Date of Enrollment or Enrollment Change

Reference Note:
For additional material concerning the subject matter found in 524.6, see:
- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-7.

524.61 FEHB Open Season

524.611 **New Enrollment**

A new enrollment during FEHB Open Season becomes effective the first day of the first pay period that begins in the following year and that follows a pay period during any part of which the employee is in a pay status.

524.612 **Change of Enrollment**

A change of enrollment during FEHB Open Season becomes effective the first day of the first pay period that begins after January 1 of the following year.

524.62 Change to Self Only

If a request is submitted to change from Self and Family enrollment to Self Only, and the request meets the requirements as identified in 524.51, the effective date is determined as follows:

a. If health premiums are paid on an after-tax basis, a change to Self Only may be made at any time. The effective date of the change is the first day of the pay period that begins after the completed *PostalEASE* FEHB Worksheet is received in the employing office. However, a retroactive change may be approved to the first day of the pay period following the one in which there were no family members eligible for coverage if the employee is able to satisfy the agency of that fact.

b. If health premiums are paid on a pre-tax basis, the employee must provide the local personnel office with documentation showing that he or she had a qualified life status change occur within the past 60 days. The effective date of the change is the first day of the pay period that begins after the completed FEHB Worksheet is received in the employing office.

524.63 Change to Self and Family to Provide Coverage to Child

The effective date of a change in enrollment made in conjunction with the birth of a child, or the addition of a child as a new family member in some other manner, is the first day of the pay period in which the child is born or becomes an eligible family member. There is no requirement that the enrollee return to pay status before the enrollment change can become effective.

524.64 All Other Enrollments or Changes in Enrollment

All other enrollments or changes in enrollment become effective the first day of the first pay period that begins after the *PostalEASE* FEHB Worksheet is received by the employing office and that follows a pay period during any part of which the employee is in pay status.

524.7 Termination of Enrollment

Reference Note:
For additional material concerning the subject matter found in 524.7, see:
- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-9.

524.71 Cancellation by Employee

The option to cancel enrollment at any time during the year is available only to those employees whose health benefit premiums are paid on an after-tax basis. For those employees with health premiums paid on a pre-tax basis, a cancellation of coverage may only be processed during FEHB Open Season or following a qualified life status change as identified in 524.529. Requests due to qualified life status changes must be received in the local personnel office within 60 days of the life status change. The *PostalEASE* FEHB Worksheet used to cancel enrollment due to a life status change becomes effective the last day of the pay period in which the FEHB Worksheet is received. For information on effective dates, see 524.6.

524.72 Discontinuance of Plan or Part

524.721 Because of Service Limitations

An employee whose enrollment is terminated because of the discontinuance of the plan or option because of new limitations on the service area of, or the geographic area served by, a comprehensive plan may change to either option of any other plan for which eligible and from Self Only to Self and Family. If a plan, or part of it, is terminated, OPM gives special instructions to enrollees regarding their rights and the procedures to be followed.

524.722 Because of Leave Without Pay

The health benefits enrollment of an employee who completes 365 days LWOP (26 pay periods) is terminated by the Eagan ASC. The Eagan ASC issues an SF 2810, terminating the coverage; retains Eagan ASC and carrier copies; and forwards employee and agency copies to the district. If it is determined a termination was improper, the district must promptly take corrective action.

524.73 Membership Termination in Employee Organization

If an employee who is enrolled in an employee organization plan ceases to be a member of the organization, the plan may instruct the employing office to terminate the enrollment, subject to a 31-day temporary extension of coverage. Action to terminate the enrollment for this reason can be initiated only by the plan, not by the employee. The plan sends a copy of its notice to the employee:

a. On the basis of either the original or the copy of the notice, the employing office terminates the enrollment on SF 2810 with a note in *Remarks* similar to the following:

> Your enrollment was terminated by the plan because you are no longer a member of the sponsoring employee organization. You may enroll in another plan within the period beginning 31 days before and ending 60 days after the date in Part A, Item 8.

b. The date in Item 8A is the last day of the pay period in which the plan's notice of termination is received by the employing office.

An employee whose enrollment is so terminated may enroll for Self Only or Self and Family in either option of any available plan during the period beginning 31 days before and ending 60 days after the effective date of termination.

An employee who enrolls within this 90-day period for purposes of continuing enrollment after retirement is considered as having been continuously enrolled.

524.74 Effective Termination Dates of Employee Enrollment

An employee's enrollment terminates, subject to a 31-day temporary extension of coverage for conversion to a nongroup contract, on the earliest of the following dates:

a. The last day of the pay period in which the employee is separated, other than for transfer or retirement, or because of a compensable disability under conditions entitling the employee to continue the enrollment.

b. The last day of the pay period in which employment status changes so as to exclude the employee from coverage.

c. The last day of the pay period in which the employee dies unless survived by a member of the family entitled to continue enrollment as a survivor annuitant.

d. The last day of the pay period that includes day 365 of continuous nonpay status or, if the employee is not entitled to any further continuation because of having less than 4 consecutive months of pay status since exhausting the 365 days continuation of coverage in nonpay status, the last day of the employee's last pay period in pay status.

e. The day the employee is separated or placed on a leave of absence to enter military service for a period not limited to 30 days or less.

524.75 Effective Termination Dates of Family Member Coverage

The coverage of a member of the family of an employee terminates on the earlier of the following dates:

a. The date on which the enrollment covering the family member is cancelled, changed to Self Only, or terminates (unless the employee dies and there is a survivor annuitant eligible to continue the enrollment).

b. The date on which the family member is no longer considered to be a member of the family for purposes of health benefit coverage.

Example: Coverage of an employee's child terminates on the day the child marries or reaches age 22.

524.76 Temporary Extension of Coverage

524.761 For Enrolled Employee

Coverage for an enrolled employee continues temporarily without cost for 31 days after the enrollment terminates for any reason except voluntary cancellation.

524.762 For Family Member

Coverage for any family member who loses coverage other than by the employee's voluntary cancellation, or by the employee's enrollment change from Self and Family to Self Only, continues for 31 days. (A change to Self Only is considered a cancellation for the family members who were covered under the enrollment, and they are not entitled to temporary extension of coverage for conversion.)

524.763 For Confined Employee or Family Member

An employee or family member who has been granted a 31-day extension of coverage and who is confined to a hospital or other institution for care or treatment on day 31 of the temporary extension of coverage, is entitled to continuation of benefits of the plan during continuance of the confinement up to a maximum of 60 days after the end of the temporary extension.

524.77 Conversion Rights

524.771 Employee's and Family Member's Right to Convert

If an employee's enrollment ends for any reason other than voluntary cancellation, or if the coverage of a family member ends for any reason other than the employee's cancellation or change to a Self Only enrollment, the person whose enrollment or coverage is ended has a right to convert, without evidence of insurability, to a nongroup health benefits contract offered by the health benefits plan. A family member who loses coverage because of the employee's cancellation or change to Self Only enrollment does not have a conversion right.

524.772 Employing Office Responsibility

If an employee's coverage is terminated, the employing office issues SF 2810 as promptly as possible, but no later than 60 days after the date the enrollment terminates due to the limited time allotted for conversion. The employing office is not expected to monitor conversion rights of family members. It is the responsibility of an employee (or the person who loses status as a family member) to apply in a timely manner for a conversion

contract. However, from time to time, employing offices should publish reminders of a family member's right to convert. These reminders can be in the form of bulletins, letters, memos, etc.

524.773 **Application for Conversion**

Application for conversion (by letter in the case of family members or on the back of the enrollee's copy of SF 2810 in the case of employees) is made directly to the nearest office of the plan. The application must be submitted within 31 days of the termination of enrollment. If the notice to the employee on SF 2810 is delayed, the employee has 31 days from the date of the notice, but no later than 91 days from the termination date, to apply for conversion.

524.774 **Late Conversion**

If notice is not given within 60 days of termination or the request for conversion cannot be made for reasons beyond the employee's control, the employee can request a late conversion by writing directly to the carrier of the plan. This request must be made within 6 months of the enrollment termination date and must include:

a. Documentation that the enrollment has terminated (for example, and SF 50 showing separation from service).

b. Proof that the employee was not notified of the enrollment termination and the right to convert (for example, a letter from the employing office confirming that it did not provide timely notice of the conversion option), and that he or she was not otherwise aware of it.

c. Proof that the employee was not able to convert because of reasons beyond his or her control.

524.775 **Effective Date of Conversion**

A converted contract becomes effective at the end of the 31-day period of temporary extension of coverage even though the employee or a family member may be confined in a hospital on day 31 and, therefore, entitled to a further extension of coverage.

524.776 **Benefits and Costs of Conversion Contract**

Many plans do not provide the same benefits under the converted nongroup contract as are provided under federal employee group plans. The premium rates are relatively higher, and there is no Postal Service or government contribution to the cost of the nongroup conversion contract. An employee interested in converting is advised to contact the local office of the plan for information about the benefits and cost of its conversion contract.

524.78 Reinstatement of Enrollment After Conversion

524.781 **Refund of Premiums**

If, on termination of enrollment, an employee obtains a conversion contract and the enrollment later is reinstated retroactive to the effective date of the termination, the employee may obtain a refund of all premiums paid on the conversion contract.

Example: The case of an employee who is removed and later is ordered to duty with full restitution of back pay, or an employee whose application for disability retirement is retroactively allowed. The employee applies in writing to the plan for the refund.

524.782 **Adjustment of Difference in Benefits**

If the employee receives benefits during the time the conversion contract is in effect, the employee is entitled to an adjustment of the difference between the benefits paid by the carrier under the conversion contract and benefits payable under the enrollment in this program.

524.8 Cost of Enrollment

Reference Note:
For additional material concerning the subject matter found in 524.8 through 524.966, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-20.

524.81 Postal Service Contribution

Postal Service contribution for health benefits is adjusted, as required, on the first day of the first pay period of each calendar year and on dates set by the National Agreement or management decision.

524.82 Employee Withholding

The employee's share of the cost for health benefits is the difference between the Postal Service contribution and the total health benefits premium for the plan, option, and type of enrollment selected by the employee. Employees' shares are withheld from their pay each pay period. If the amount of salary for a pay period is not enough to cover the full withholding, no withholding (or Postal Service contribution) is made for that particular pay period. Employees who do not have health benefit premiums withheld as a result of insufficient pay or partial LWOP, however, will have their past-due premiums withheld from their next available pay. Deductions for retirement, FICA, and federal income tax have priority over health benefits withholdings.

524.83 Pre-Tax and After-Tax Premiums

524.831 **Tax Benefits**

The Postal Service has established the pre-tax payment of health insurance premium contributions as a tax-saving benefit feature for its employees. FEHB premiums paid on a pre-tax basis are not included in an employee's gross income. This practice reduces the taxable income figure reported and reduces income and Social Security and Medicare taxes paid by employees.

524.832 **Career Employees**

Career employees have their portion of health benefit premiums automatically paid on a pre-tax basis unless a waiver is submitted by the employee. PS Form 8201*, Pre-Tax Health Insurance Premium Waiver/ Restoration,* is accepted during an employee's first opportunity to enroll in health benefits, during the annual FEHB Open Season period, or upon the occurrence of a qualified life status change (see 524.529). Once a waiver is processed and deductions are being made on an after-tax basis, a return to a pre-tax basis requires the completion of a second PS Form 8201 to cancel the waiver and restore the pre-tax status. Requests to cancel pre-tax waivers

are accepted during FEHB Open Season periods or upon the occurrence of a qualified life status change (see 524.529).

524.833 **Certain Noncareer and Transitional Employees**

Generally, noncareer employee health benefit premiums are withheld on an after-tax basis. However, noncareer employees in the Rural Carrier craft and transitional employees covered by the APWU contract may elect to have premiums paid on a pre-tax basis by completing PS Form 8202, *Pre-Tax Health Insurance Premium Election/Waiver Form for Noncareer Employees,* at their first opportunity to enroll in health benefits, during the annual FEHB Open Season periods, or upon the occurrence of a qualified life status change (see ELM 524.529).

524.834 **Further Information**

Complete information on pre-tax and after-tax premiums is available at local personnel offices.

524.84 Health Benefits Schedule

Publication 12, *Health Benefits Open Season Administrative and Processing Information,* is published annually during FEHB Open Season and is available for employee review on the Human Resources Web site at *blue.usps.gov/cpim/ftp/pubs/pub12.pdf*. The publication provides plan change information for all participating health plans under the FEHB.

524.9 Enrollments for Former Spouses

524.91 Type of Enrollment

A former spouse eligible to enroll in the FEHB program may elect coverage for Self Only or for Self and Family. A family enrollment covers the former spouse only and any unmarried dependent natural or adopted child of the former spouse and the employee provided the child is not also covered by another FEHB enrollment. An unmarried child must be under age 22 or incapable of self-support because of a mental or physical disability that existed before age 22 (see 526).

524.92 Effective Date of Enrollment

524.921 **New Enrollment**

The effective date of a new enrollment for a former spouse is the first day of the pay period after the employing office receives the properly completed SF 2809 and OPM's approval of eligibility or at a future date (at the beginning of a pay period) requested by the former spouse.

If the former spouse requests immediate coverage and both the SF 2809 and proof of eligibility are received within 60 days of the date of divorce, the enrollment may be made effective the same day that Temporary Continuation of Coverage (TCC) would otherwise take effect.

524.922 **Change in Enrollment**

The effective date of a change in enrollment is the first day of the pay period after the date the NFC receives the properly completed SF 2809.

524.93 Payment of Premiums

The former spouse is responsible for the total health benefits premium (employee and employer share) for every pay period during which the enrollment continues.

The former spouse is billed in accordance with a schedule established by the NFC.

If payment is not received by the due date established by the NFC, the former spouse is notified by certified mail, return receipt requested, that continuation of coverage rests upon payment being made within 15 days after receipt of the notice. The enrollment of a former spouse who fails to remit payment within the specified time frame is terminated. (See 524.963 for effective date of termination.)

524.94 Opportunities to Change Enrollment

524.941 Change to Self Only

A former spouse may change an enrollment to Self Only at any time. Family members who lose coverage as a result of this change in enrollment are entitled to the temporary extension of coverage for conversion.

524.942 FEHB Open Season

During FEHB Open Season, the former spouse may change to another plan, another option, or from Self Only to Self and Family, or may make any combination of these changes. (See 524.91 for eligible family members under a Self and Family enrollment.)

524.943 Other Events That Permit Changes in Enrollment

The former spouse may make an enrollment change upon the occurrence of any one of the following events:

a. Birth or acquisition of a child. (An enrolled former spouse may change enrollment from Self Only to Self and Family, or from one plan or option to another, or both, within the period beginning 31 days before and ending 60 days after the birth or acquisition of a child who is a qualified family member under 524.91.)

b. Move from an area served by a comprehensive medical plan.

c. Termination by an employee organization plan.

d. Termination of plan in which enrolled.

e. Becoming eligible for Medicare.

f. End of child's coverage. A former spouse may change enrollment from Self Only to Self and Family within the period beginning 31 days before and ending 60 days after an eligible child loses coverage under another FEHB enrollment. (See 524.91 for definition of eligible child.)

524.95 Cancellation of Enrollment

A former spouse may cancel enrollment at any time by filing with the NFC a properly completed SF 2809. If a former spouse cancels enrollment, the cancellation becomes effective the last day of the pay period that the health benefits form canceling the enrollment is received by the NFC. The former spouse and family members, if any, are not entitled to the temporary

extension of coverage or the right to convert to an individual contract. A former spouse who cancels an enrollment may not later reenroll.

If a former spouse submits documentation that the cancellation is for the purpose of enrolling in a Medicare-sponsored prepaid health plan under the Social Security Act, section 1833 or 1876, the cancellation becomes effective the day before the enrollment under the prepaid health plan takes effect. Documentation must be submitted to the employing office during the period beginning 31 days before and ending 31 days after the prepaid health plan enrollment takes effect. A former spouse who cancels his or her enrollment for this purpose may reenroll in any available plan at any time during the period beginning 31 days before and ending 60 days after disenrollment from the Medicare-sponsored prepaid plan.

524.96 Termination of Enrollment

524.961 Events Terminating Coverage

A former spouse's enrollment terminates, subject to the temporary extension of coverage for conversion, at midnight of the last day of the pay period in which the earliest of the following events occurs:

a. Court order ceases to provide entitlement to survivor annuity or portion of retirement annuity under a retirement system for federal or Postal Service employees.

b. Former spouse remarries before age 55.

c. Former spouse dies.

d. Employee on whose service benefits are based dies and no survivor annuity is payable.

e. Separated employee on whose service the benefits are based dies before the requirements for deferred annuity have been met.

f. Employee on whose service benefits are based leaves federal or postal service before establishing title to an immediate annuity or a deferred annuity.

g. Refund of retirement money is paid to the separated employee on whose service the health benefits are based.

524.962 Temporary Extension of Coverage

OPM may authorize a longer time frame for the temporary extension of coverage for conversion than the 31 days provided if in OPM's judgment the former spouse could not have known either of the following:

a. The employee on whose service benefits are based left the federal or postal service before establishing title to an immediate or deferred annuity.

b. The separated employee on whose service the benefits are based died before the requirements for deferred annuity were met. In such cases, the right of conversion may be exercised up to 31 days after the employing office's notice of termination (SF 2810). The former spouse must pay the full premium (employee and employer share) during the extended period exclusive of the 31-day period following the notice.

524.963 **Termination Due to Failure to Pay Premiums**

Failure to pay premiums by a former spouse will result in termination of enrollment. The effective date of a termination due to failure to pay premiums is retroactive to the end of the last pay period for which payment has been timely received. A former spouse whose enrollment is terminated due to failure to pay premiums may not reenroll and will not be entitled to the temporary extension of coverage for conversion.

524.964 **Termination of Coverage for Family Members**

The coverage of a family member of a former spouse terminates, subject to the temporary extension of coverage for conversion, at midnight of the earlier of the following dates:

a. The day on which the individual ceases to be an eligible family member.

b. The day the former spouse ceases to be enrolled unless the family member is entitled as a survivor annuitant to continued coverage under the enrollment of another.

524.965 **Former Spouse Responsibility**

The former spouse is responsible for notifying the NFC, which maintains health benefits enrollment, of any event that will terminate eligibility for coverage. (See 523.62.)

524.966 **National Finance Center Responsibility**

The NFC acts as follows:

a. As soon as the former spouse submits proper notification indicating an event that will require termination, the NFC prepares an SF 2810 terminating the enrollment and provides appropriate copies of the SF 2810 to the former spouse. This enables the former spouse to convert to individual coverage within the 31-day time limit.

b. In cases where OPM is establishing a survivor benefit for the former spouse, the NFC prepares a “transfer out” to OPM of the health benefits enrollment. The effective date of the transfer is the day prior to the commencement date of the annuity.

525 Special Circumstances Affecting Health Insurance Coverage

Reference Note:

For additional material concerning the subject matter found in 525.1, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-18.

525.1 Office of Workers' Compensation Programs

525.11 Requirements to Continue Enrollment

525.111 Employee

An employee's enrollment (and coverage of family members under a family enrollment), as well as enrollment of surviving beneficiaries, continues when the employee enters on the compensation rolls of the OWCP provided the employee meets the following requirements:

a. The employee was enrolled (or covered as a family member) in a plan under the health benefits program during one of these periods:

(1) During the 5 years of service (service in which the employee was eligible to be enrolled) preceding the start of compensation.

(2) During all service since the first opportunity to enroll.

(3) Continuously for the full period or periods of service beginning with the enrollment that became effective no later than December 31, 1964. Service means service in which the employee was eligible to be enrolled. The employee is not required to have been an enrollee continuously, but to have been continuously covered by an enrollment.

Example: Enrollee was for a time covered as a family member under the Uniformed Services Health Benefits Program.

Example: An employee who belatedly enrolled within 60 days after the employing office determined he or she was unable to enroll on time for reasons beyond his or her control may be considered as having been enrolled since the first opportunity (employing office determination).

b. The employee is receiving compensation (OWCP determination).

c. The Labor Department determines that the employee is unable to return to duty (OWCP determination).

525.112 Survivor

Enrollment of a deceased employee continues for surviving family members of a deceased employee if the following requirements are met:

a. Deceased employee was enrolled for Self and Family at the time of death.

b. At least one of the covered family members received compensation as a surviving beneficiary under the Federal Employees' Compensation Act.

525.12 Transfer of Enrollment

525.121 Transfer to OWCP

When OWCP expects to compensate an employee for 6 months or longer, and the employee meets the requirements for continuing enrollment as an OWCP recipient, the enrollment is transferred to OWCP. Until transfer of the enrollment, an employee receiving compensation but no salary is treated for health benefits purposes as any other employee in nonpay status. Enrollment continues for up to 365 days, at which time enrollment is terminated if the employee is not eligible to be transferred to OWCP.

525.122 **Transfer Back to Employing Office**

The enrollment of an employee who was transferred to OWCP is transferred back to the employing office when the employee returns to duty and pay status even if the employee still receives reduced compensation from OWCP, provided the employee is eligible for continued coverage. If the employee is not eligible for continued coverage, enrollment is terminated.

525.13 Withholding and Contribution by OWCP

525.131 **Effective Dates**

Whether or not OWCP requests transfer of the enrollment, it makes health benefits withholdings and contributions from the date compensation began, or the date following that on which the employing office withholdings and contributions ceased, whichever is later. No withholdings or contributions are made by OWCP when an employee receives compensation for less than 29 days. The employee, however, is still responsible for payment of the premiums. Withholdings and contributions cease when an enrollment is terminated because the person has been in nonpay status for 365 days and is not otherwise eligible to continue the enrollment.

525.132 **Health Benefits Refund Program**

The following provisions apply:

a. *Explanation.* This program is designed to reimburse injured employees for an overdeduction of health benefits premiums by the OWCP. For the first year of compensable disability, OWCP deducts health benefits premiums at the Postal Service rate. Thereafter, the deduction is made at the standard rate applied by the OPM for federal employees. The OPM premium rate is higher than the Postal Service rate. Therefore, Postal Service employees enrolled in a health benefits plan who are in an LWOP status for over 1 year and who are also receiving OWCP compensation may be due a refund for overdeduction of health benefits premiums.

b. *Eligibility for Refund.* In order to be eligible for a health benefits refund, *all of the following criteria must be met for the period of compensable disability:*

   (1) Employee must be in an LWOP/injury on duty status. Employees who are separated from the Postal Service are not eligible.

   (2) Employee must receive OWCP compensation payments with health benefits premiums deducted at the OPM rate.

   (3) A period of a least 1 year must have elapsed since the employee was initially placed on OWCP compensation.

c. *Verification of Eligibility.* The Injury Compensation Performance Analysis System Health Benefits Report is to be used to verify information found on PS Form 202, *Health Benefits Refund Payment Authorization.*

d. *Refunds.* After verifying an employee's eligibility, health and resource management personnel must take the following steps to process the refund:

(1) Initiate PS Form 202, *Health Benefits Refund Payment Authorization,* on a quarterly basis (see Exhibit 525.132). In calculating the amount of refund to be paid, subtract the difference between the OPM health benefits premium rate and the Postal Service rate of the health benefits plan chosen by the employee.

(2) Upon completion of PS Form 202, obtain approval of the district manager or designee.

(3) Complete PS Form 8230, *Authorization for Payment,* and submit it for payment, with the refund authorization as support, to the Scanning and Imaging Center, using General Ledger Account (GLA) 51209, H.B. Premiums — Workers Comp Claimants.

(4) File the original PS Form 202 in the employee's injury compensation file and send one copy to the employee.

Eagan Accounting Services will forward the refund to the employee.

Exhibit 525.132
PS Form 202, Health Benefits Refund Payment Authorization

54772

UNITED STATES POSTAL SERVICE™

Health Benefits Refund Payment Authorization

Instructions

This is to authorize payment to this employee for refund due on excess withholdings on health benefits premium from the OWCP compensation payments.

Name *(Employee/Applicant)*	Social Security Number
Address *(City, State, ZIP + 4)*	MSC Name
Health Benefits Code	Finance Number
Periods Covered	Amount to Be Paid
(Office Use Only)	Signature of Authorizing Official
	Approval by MSC Manager or Designee

PS Form **202**, October 1984

1 - Injury Compensation

525.14 Procedures for Continuation of Enrollment

525.141 Reporting to OWCP

When reporting the compensable injury or illness to OWCP, if the employee has been enrolled (a) since the first opportunity, (b) for the 5 years immediately preceding the start of compensation, or (c) from on or before December 31, 1964, injury compensation personnel certify to this effect by noting the Remarks items of OWCP Form CA-7/20, *Claim for Compensation on Account of Traumatic Injury or Occupational Disease/Attending Physician's Report,* to show the enrollment code number and the beginning and ending dates of the pay period in which the employee's pay ceased. No documentation of this certification is required to accompany the CA-7/20.

525.142 Eligibility for Transfer

If OWCP determines that the employee is in receipt of compensation for at least 6 months, and the eligibility requirements for continuation are met, the enrollment must be transferred. Transfer is accomplished by issuance of Transfer of FEHB Enrollment to OWCP (see Exhibit 525.142).

525.143 Pending OWCP's Request for Transfer

If the total period of disability is less than 29 days, no action need be taken on the enrollment. When the total period of disability is more than 29 days, whichever of the following actions is necessary and appropriate is taken:

a. If the employee is separated, documentation must be obtained from OWCP to verify that compensation will be received for at least 6 months. If so, the transfer is made by issuance of Transfer of FEHB Enrollment.

b. If the employee makes any permissible change in enrollment, OWCP must be notified by letter as soon as possible of the change and its effective date.

c. If the enrollment has been transferred to OWCP and the employee subsequently is separated, OWCP must be notified by letter of the separation so that OWCP knows how to dispose of the enrollment if compensation payments cease.

525.144 Employee Not Eligible to Continue

For an employee who is enrolled but is not eligible to continue the enrollment with OWCP, whichever of the following actions is necessary and appropriate is taken:

a. A notation is placed in the Remarks item of OWCP Form CA-7/20 that the employee is "Not Eligible to Continue Health Benefits." (OWCP does not require documentation of this notation on the CA-7/20 and handles the compensation claim as usual.)

b. If the employee is separated, the enrollment is terminated on SF 2810.

c. If the employee remains on the rolls of the agency in nonpay status, the employee is carried up to 365 days (OWCP makes deductions as stated in 525.13). At the end of the 365 days in continuous nonpay status, the Eagan ASC issues SF 2810.

When an employee not enrolled for health benefits applies for compensation, a notation is placed in the Remarks item of OWCP Form CA-7/20 that the employee is "Not enrolled for health benefits," and the compensation claim is processed as usual.

Exhibit 525.142
Transfer of FEHB Enrollment to OWCP

UNITED STATES POSTAL SERVICE®

Transfer of FEHB Enrollment to OWCP

[__*OWCP district office name*__]
[__*address*__]

Date of Request:
OWCP File Number:
Employee's Name:
Social Security Number:
Effective Date of Transfer:

The above-named employee is receiving compensation under the Federal Employees' Compensation Act, and OWCP is withholding premiums for the employee's Federal Health Benefits (FEHB) Program enrollment from the employee's compensation.

Attached are the employee's health benefits enrollment documents that this agency is forwarding to OWCP as specified in the Federal Employees Health Benefits Handbook (formerly Supplement 890-1 of the *Federal Employees Personnel Manual).* The documents include the copies of every SF 2809 and SF 2810 in the employee's official personnel folder, beginning with the date of his or her initial enrollment in the FEHB Program, together with any related documentation (such as medical documentation for a disabled child over age 22) and the *PostalEASE* FEHB History Report for the employee. As of the effective date shown above, OWCP is the employing office for this employee.

The reason for this action is:

[ ] This employee is separating (or has separated) on [__*date*__]
[ ] This employee will complete 365 days in nonpay status on [__*date*__]

If you have any questions concerning this transfer, you may contact:

[__*name of contact*__]
[__*telephone number*__]

Sincerely,

[__*signature*__]
[__*name and title of personnel official*__]

525.145 **OWCP Determines Not Eligible**

If OWCP determines that an employee is not eligible to continue health benefits, OWCP notifies the employing office. If the employee remains on the agency rolls in nonpay status, the enrollment continues up to 365 days. (OWCP makes the deductions for the period.) If the employee continues in nonpay status after day 365, the Eagan ASC issues SF 2810.

525.146 **On LWOP Ten Months, But Enrollment Not Transferred**

The following provisions apply:

a. If an employee has been carried in nonpay status for 10 months, the appropriate OWCP office is contacted to determine what action should be taken on the enrollment before day 365 of the employee's continuous nonpay status.

b. If OWCP determines that the employee is not eligible to continue enrollment, the Eagan ASC issues SF 2810, effective the last day of the pay period that includes day 365 of continuous nonpay status.

c. If OWCP has been making withholdings and does not expect to terminate compensation before day 365 of continuous nonpay status, the enrollment is transferred by issuance of Transfer of FEHB Enrollment to OWCP (see Exhibit 525.142).

d. If OWCP has been making withholdings but expects to terminate compensation before day 365 of continuous nonpay status, no health benefits action need be taken at that time. The case must be checked on again, however, before day 365 of continuous nonpay status and, if compensation will not be terminated by day 365 as OWCP anticipated, the enrollment is transferred to OWCP by issuance of Transfer of FEHB Enrollment.

525.147 **OWCP Terminates Compensation**

If OWCP terminates compensation of an employee who meets the requirements in 525.111 but who does not return to pay status, the 365 days on nonpay status for health benefits purposes begin on the day after compensation terminates even though the employee may have been previously carried in a nonpay status while on OWCP rolls. In such cases, OWCP transfers the enrollment back to the employing office, effective the day after compensation terminates if the enrollment had previously been transferred.

525.148 **Employee Returns to Duty**

The following provisions apply:

a. If an employee receiving compensation returns to duty, the beginning and ending dates of the pay period in which the employee returns to work are noted in the Remarks Item on OWCP Form CA-3, *Report of Termination of Disability and/or Payment.* (If the report is made by telegram instead of CA-3, these dates are included in the telegram.)

b. If the enrollment was not transferred to OWCP, OWCP discontinues withholdings and contributions at the beginning of the pay period in which the employee returned to work. Withholdings and contributions are resumed beginning that date.

c. If the enrollment was transferred to OWCP, OWCP transfers the enrollment back to the employing office.

525.149 **Employee Elects Retirement**

If an employee whose enrollment has been transferred to OWCP elects to retire and to receive annuity in lieu of compensation, the Civil Service Retirement System, Office of Personnel Management, requests OWCP to transfer the enrollment. If the employee still is carried on the agency's rolls in a nonpay status, the Eagan ASC notes in Remarks of SF 2806, *Individual Retirement Record,* "Health benefits enrollment transferred to OWCP," and sends the form to the Civil Service Retirement System as usual.

OWCP determines whether there are survivors who are eligible and who wish to continue the enrollment and continues, or terminates, the enrollment as appropriate. If the survivors elect to receive survivor annuity in lieu of compensation, OWCP transfers the enrollment to the Civil Service Retirement System.

525.2 Employees in Nonpay Status

Reference Note:
For additional material concerning the subject matter found in 525.2, see:
- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-8.

525.21 Three Hundred Sixty-Five-Day Enrollment Limitation

The enrollment of an employee (who elects to continue the enrollment) continues while in a nonpay status for up to 365 days except as provided in 525.23. This limitation applies to suspended employees awaiting decision of an appeal of a removal action as well as employees awaiting an OPM decision on an application for disability retirement. If an employee returns to a pay status for at least 4 consecutive months (any 4-month period during which the employee is in pay status for at least part of each pay period) after a period of nonpay status, the employee is entitled to begin a new 365-day period of continued enrollment.

525.22 Payment Required for Periods of Nonpay Status

525.221 **Responsibility**

If an employee is in a nonpay status for an entire pay period, or if available pay during a pay period does not cover the full amount of the employee's share for the cost of the health benefits enrollment, the employee is responsible for payment of the amount that would have been withheld. If the employee consents to the continuation of the enrollment for a period of time without such withholding from salary, the employee is consenting to the recovery of the full amount due.

525.222 **Procedures to Be Followed by Employing Office**

The employing office acts as follows:

a. As soon as it is determined that an employee will be in a nonpay status, the employing office notifies the employee of the option to continue or terminate the FEHB coverage. PS Form 3111*, Federal Employees Health Benefits (FEHB) Coverage or Termination While in Leave Without Pay (LWOP) Status,* is used for this purpose. This form may be found on the Postal Service Intranet.

b. If the notice and return envelope are mailed, they are deemed to be received by the employee 5 days after the date of the notice. A dated copy of the notice is kept in the employee's official personnel folder. When the employee returns the notice with the signature as requested, the signed notice is filed as a permanent record in the OPF. The date of the postmark is deemed to be the date the notice is returned to the employing office.

c. If the employee requests additional information or requests to cancel the enrollment, the employing office must insure that the employee is provided with an FEHB Guide and an SF 2809 as soon as possible.

d. If the employee elects to terminate the enrollment, the employing office must prepare an SF 2810 to terminate the enrollment. The following statement is to be included in the remarks section: "Employee elected to terminate the enrollment during a period of nonpay status."

e. If the employee fails to sign and return the written notice, the enrollment is continued and the employee is expected to pay his or her portion of the premiums due.

525.223 **Procedures to Be Followed by Employee**

The employee acts as follows:

a. The employee acknowledges receipt of PS Form 3111, completes, signs, and returns the form to the employing office.

b. If the employee does not wish to incur an indebtedness or liability for the health benefits premiums, the employee chooses to cancel or terminate the enrollment.

525.23 Employee Granted LWOP to Serve in Employee Organization

525.231 **Policy**

An employee granted leave without pay to serve as a full-time officer or employee of an employee organization composed primarily of federal or Postal Service employees may elect, within 60 days, to continue health benefits coverage for as long as the employee is in this LWOP status. The election is filed with the installation head within 60 days after the LWOP begins.

525.232 **Procedures to Be Followed by Employing Office**

The employing office acts as follows:

a. As soon as LWOP is authorized, the installation head notifies the employee of the right to elect to continue or discontinue health coverage. The employee's election must be in writing.

b. The installation head sets up a follow-up system to remind employees that an election must be filed within the 60-day time limit.

c. If an employee declines to make the election, the employing office contacts the employee, if possible, to urge that an election be made.

d. If, after being contacted, the employee continues to refuse to make the election, documentation is made of all action taken. Failure to make an election is considered an election to not continue the insurance. A copy of the election (or installation head's documentation) is filed in the employee's official personnel folder.

525.233 **Procedures to Be Followed by Employee**

The employee acts as follows:

a. If the employee elects to continue health insurance coverage, the employee files the election with the installation head within 60 days after LWOP begins. The employee pays (or arranges to have paid) on a current basis both the employee withholding and the Postal Service contributions from the beginning of the LWOP period.

b. If an employee elects not to continue health benefits coverage, enrollment is cancelled by requiring the employee to initiate an SF 2809.

525.24 Enrolled Employee in Nonpay Status Accepts Temporary Appointment

If an employee whose enrollment is being continued because he or she is on LWOP from his or her position accepts a temporary position, his or her first employing office transfers the enrollment to the second employing office. If the employee is still carried in the first position in an LWOP status when the employment in the second position terminates, the enrollment is transferred back to the first employing office. The first employing office then follows the rules in 525.21 to determine the remaining length of time that the employee is entitled to continued coverage while in nonpay status. If, when the second appointment expires, the employee is not then being carried in the first position as an employee, the second employing office terminates the enrollment.

The two employing offices concerned coordinate these actions to ensure timely withholdings and contributions. If appropriate, the employing office that first becomes aware of such a situation contacts the other employing office and arranges for transfer of the enrollment.

525.25 Employee in Nonpay Status Pending Removal

The enrollment of an employee who is placed in nonpay status pending a decision of an appeal of a removal action continues for up to 365 days provided the employee agrees to pay the required premiums. See 525.22.

525.251 **Removal Upheld**

If the removal is upheld by the appeal process, the enrollment is terminated at the end of the pay period in which the decision is rendered or at the end of the 365 days, whichever event occurs first.

525.252 **Restored to Duty**

If the employee's enrollment is terminated, due either to cancellation or after 365 days of nonpay status, and the employee is subsequently ordered restored to duty on the grounds that the removal was unwarranted or unjustified, the employee may elect either to have the prior enrollment reinstated retroactive to the date it was terminated or to enroll in the plan and option of the employee's choice, the same as a new employee:

a. *Reinstatement of Enrollment.* If the employee elects to have the prior enrollment reinstated retroactively, withholdings and contributions are also made retroactively just as though the erroneous removal had not taken place. The employee's health benefits coverage is considered to

have been continuously in effect, and the employee and any covered family members are retroactively entitled to the full benefits of the plan.

b. *New Enrollment.* If the employee elects a new enrollment instead of having the prior enrollment reinstated, the enrollment is effective as stated in 524.64. The employee is not retroactively entitled to benefits from the plan, and no retroactive withholdings or contributions are made. If the employee elects a new enrollment, the period of removal during which the enrollment was not in effect is *not* considered as an interruption to continuous enrollment for purposes of continuing enrollment after retirement provided the employee enrolls within 60 days after the date ordered restored to duty.

525.3 Military Service

Reference Note:
For additional material concerning the subject matter found in 525.3, see:
- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-10.

525.31 Entry Into Military Service

525.311 Thirty Days or Less

If an employee enters one of the uniformed services for a period limited to 30 days or less, the enrollment continues without change. Salary deductions and Postal Service contributions also continue as long as the employee is in pay status. The employee is responsible for payment of premiums while in a nonpay status (see 525.22).

525.312 More Than Thirty Days

If an enrollee enters on active duty, or active duty for training, in one of the uniformed services for a period not limited to 30 days, the enrollment may continue for up to 12 months unless the enrollee elects, in writing, to have the enrollment terminated as of the day before entering active duty. The employee is responsible for the full cost of the employee's share for the cost of the health benefits enrollment. If the employee elects to terminate the enrollment, the employee and the covered family members are entitled to a 31-day temporary extension of coverage during which they may convert.

525.32 Return From Military Service

525.321 Return Not in Exercise of Reemployment Rights

An employee who returns from military duty but not in the exercise of reemployment rights, if eligible for coverage, enrolls within 31 days after returning to the Postal Service, the same as a new employee. The employee may enroll for Self Only or for Self and Family in either option of any plan available.

525.322 Return in Exercise of Reemployment Rights

The enrollment of an employee who exercises reemployment rights on return from military duty is reinstated on SF 2810 effective the day the employee returns to duty in the Postal Service. The reinstating SF 2810 shows in

Remarks that a previously terminated enrollment is being reinstated because of the employee's return from military service. Note that:

a. An employee who returns to civilian duty in the exercise of reemployment rights may change the reinstated enrollment from Self Only to Self and Family, and to either option of any plan available within 31 days after returning to civilian service.

b. Also, if the employee was not enrolled upon entering military duty, the employee may enroll within 31 days after returning to civilian service. The enrollment becomes effective the first day of the pay period that begins after the completed *PostalEASE* FEHB Worksheet is received in the employing office and that follows a pay period during any part of which the employee was in pay status.

525.33 Death During Military Service

If an employee whose Self and Family enrollment was terminated (or suspended in accordance with previous instructions) upon entry into military service for a period not limited to 30 days or less dies and leaves a family member entitled to annuity, the family member may have the enrollment reinstated effective the day survivor annuity begins. The survivor also may change the enrollment the same as though the employee were returning to civilian duty in the exercise of reemployment rights.

525.34 Loss of Coverage Under the Uniformed Services Health Benefits Program

An employee who is covered as a spouse or child under the Uniformed Services Health Benefits Program for dependents of military personnel may enroll within the period beginning 31 days before and ending 60 days after termination of this coverage.

525.35 Continuous Enrollment

For purposes of eligibility to continue enrollment after retirement, an employee whose enrollment was terminated for military service is not considered to have had an interruption in enrollment if it is reinstated when the employee returns to civilian duty or reenrolls within 60 days after returning to civilian duty.

525.4 Coverage Into Retirement

Reference Note:
For additional material concerning the subject matter found in 525.4 see:
- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-14.

525.41 Employee Requirements for Continuation

An employee must meet the following requirements to continue enrollment into retirement:

a. The employee retires on an immediate annuity (i.e., an annuity that begins to accrue no later than 1 month after the date of final separation).

b. The employee has been enrolled (or covered as a family member) in a plan under the health benefits program for either of these periods:

(1) For the 5 years of service immediately preceding retirement.

(2) If less than 5 years, for all service since the first opportunity to enroll.

525.42 Procedures to Be Followed by Employing Office

525.421 Determining Eligibility for Continued Enrollment

At the employee's retirement, the employing office tentatively determines an employee's eligibility for continued enrollment. OPM makes the final determination of the retiring employee's eligibility to continue enrollment.

525.422 Transferring Enrollment to OPM

When employees retire under conditions that entitle them to continued enrollment as described in 525.41, the enrollment is transferred on *Memorandum About FEHB Enrollment* to:

RETIREMENT AND INSURANCE GROUP
OFFICE OF PERSONNEL MANAGEMENT
1900 E ST NW
WASHINGTON DC 20415-0001

It is automatically continued (see Exhibit 525.422).

All SFs 2809 and SFs 2810 in the employee's official personnel folder together with the *PostalEASE* FEHB History Report are sent to the Eagan Accounting Service Center (ASC) with the completed memorandum and any related medical certificates for submission to OPM.

Exhibit 525.422
Memorandum About FEHB Enrollment

UNITED STATES POSTAL SERVICE®

Memorandum About FEHB Enrollment

Date:
To:

Employee's Name:
Social Security Number:
Plan Name and Code:
Effective Date of Action:

The Federal Employees Health Benefits (FEHB) Program enrollment of the above-named employee is being transferred, based on the following circumstance:

[ ] Employment with another agency.
[ ] Retirement.
[ ] Death.
[ ] Receiving OWCP benefits.

As specified in the *Federal Employees Health Benefits Handbook* (formerly Supplement 890-1 of the *Federal Employees Personnel Manual),* attached are copies of every SF 2809 and SF 2810 kept in the employee's official personnel folder, beginning with the date of his or her initial enrollment in the FEHB Program together with any related documentation (such as medical documentation for a disabled child over age 22) and the *PostalEASE* FEHB History Report for the employee. The Remarks section at the end of this memorandum shows pertinent information about the enrollment that is not readily apparent in the FEHB forms documentation.

If you require additional information about this transfer, you may contact:

[__*name of contact*__]
[__*telephone number*__]

[__*signature*__]
[__*name and title of personnel official*__]

cc: OPF

REMARKS:

_____
_____
_____
_____

525.423 **Reinstating Terminated Enrollments**

Enrollments terminated as a result of 365 days in nonpay status are reinstated if the retirement application is approved with annuity commencing before the expiration of the 365 days of nonpay and if the employee meets the requirements to continue the enrollment as stated in 525.41.

If the retirement application was filed, as in the case of a disability retirement, and the enrollment was so terminated, the SF 2810 that terminated the enrollment is sent along with all the SFs 2809 and SFs 2810 in the employee's official personnel folder to OPM through the Retirement Branch, Eagan ASC.

525.43 Benefits and Cost

If the enrollment continues, the annuitant is entitled to the same benefits as active employees enrolled in the same plan. The government contribution for Postal Service annuitants is the same as that for annuitants of other government agencies covered by this program. The annuitant's share of the enrollment cost is deducted from annuity payments. If the annuity is insufficient for the plan withholdings, enrollees may elect a lower cost plan. OPM bills enrollees for the health benefits premium if they elect not to choose a lower cost plan.

Withholdings are not required for the period between the end of the pay period in which an employee separates from service and the starting date of an immediate annuity, if later.

525.44 Employee Separates and Subsequently Retires

525.441 **Terminating Enrollment**

If an enrolled employee who is eligible to retire on an immediate annuity is separated and has not filed an application for retirement with the employing office by the time an SF 2810 is to be prepared, the employing office terminates the enrollment.

Enrollment is terminated when an employee is separated while application for retirement, such as for disability, is pending in OPM.

525.442 **Encouraging Conversion to Individual Contract**

Employees whose enrollments are terminated are encouraged to convert to an individual contract even though they intend to apply for retirement later or have an application for disability retirement pending. If the retirement application is later approved, the enrollment is reinstated by OPM retroactive to the beginning date of annuity, provided the employees meet all requirements to continue the enrollment, and the carrier of the plan refunds the premium paid for the converted policy based on a written request. An adjustment is made for any benefits received or paid while employees are covered under the conversion contract.

525.45 Reemployed Annuitant

Reference Note:
For additional material concerning the subject matter found in 525.45, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-15.

525.451 Enrolled

The following provisions apply:

a. If an annuitant who is already enrolled under this program is reemployed under conditions that terminate title to annuity, the employing office determines eligibility for continued enrollment during the reemployment under the same criteria that apply to any other employee who transfers enrollment from another payroll office and accepts transfer of, and continues or terminates, the enrollment, as appropriate.

b. On separation from the reemployment service, the same procedures that apply to other employees being separated or retired are followed, and the enrollment is transferred to OPM or terminated, as appropriate.

c. If an annuitant who is already enrolled under this program is reemployed under conditions that do not terminate title to annuity, the enrollment as an annuitant continues and is not affected by reemployment.

525.452 Nonenrolled

Annuitants who are not enrolled and are reemployed under conditions that permit coverage enroll the same as other new employees. If the annuitants enroll, they are eligible to continue enrollment on separation from reemployment if they meet all the requirements (including that of retiring on an immediate annuity) that other retiring employees must meet. The immediate annuity requirement is met if annuitants receive a supplemental annuity when separated from the reemployment.

525.453 Reemployed Without Break in Service

The health benefits enrollment of an employee who retires but is immediately reemployed is transferred to OPM even if there is no break between separation and the new appointment.

525.454 FEHB Open Season Opportunities for Reemployed Annuitant

A reemployed annuitant who is not enrolled for health benefits may enroll during an FEHB Open Season, the same as any eligible employee. A reemployed annuitant who is enrolled may, in an FEHB Open Season, change enrollment regardless of the type of appointment under which serving. A reemployed annuitant making a change during FEHB Open Season submits SF 2809 to OPM with a letter stating where he or she is employed.

525.5 Death of an Employee

Reference Note:
For additional material concerning the subject matter found in 525.5, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-16.

525.51 Transfer of Enrollment to Eligible Survivor

525.511 Requirements

The enrollment of an employee who dies in service is automatically transferred to eligible survivors provided:

a. The deceased employee was enrolled for Self and Family at the time of death.

b. At least one family member is entitled to an annuity as survivor of the deceased employee. Coverage for all eligible family members continues as long as any of them receives a survivor annuity. If a survivor annuitant is the sole survivor, the Civil Service Retirement System automatically changes the enrollment to Self Only.

525.512 Procedures to Be Followed by Employing Office

Upon the employee's death, the employing office makes a tentative determination of the survivor's eligibility to continue the enrollment (see 525.511).

a. *Eligible to Continue Enrollment.* If the survivor is eligible to continue the enrollment, the employing office transfers the enrollment to OPM on Memorandum About FEHB Enrollment.

b. *Not Eligible to Continue Enrollment.* If the survivor is not eligible to continue the enrollment, the employing office terminates the enrollment on SF 2810. Remarks on the SF 2810 should read: "Enrollee died [__*date*__]. No survivors eligible to continue health benefits enrollment."

525.513 Benefits and Cost

If the enrollment continues, the eligible survivors are entitled to the same benefits offered by the plan as active employees enrolled in the same plan. The survivor annuitants' share of the enrollment cost is deducted from their annuity payments. Survivors of FERS employees are billed by OPM if applicable.

525.52 Enrollment Eligibility Both as an Employee and as a Survivor Annuitant

An eligible employee who has been covered under the family enrollment of a spouse and who, due to the spouse's death, is eligible to continue the enrollment as a survivor annuitant may cancel the enrollment as an annuitant and enroll as an employee on the basis of a change in marital status (e.g., death of spouse). However, if the surviving spouse enrolls as an employee on this basis and later is separated under conditions not entitling the surviving spouse to continue enrollment, the enrollment is terminated by the employing office. In this event, if still a survivor annuitant, the surviving spouse may apply to OPM for reinstatement of the annuitant- or

survivor-acquired enrollment and request that health benefits deductions be made from the annuity.

If the reinstatement application is received by the Civil Service Retirement System:

a. Within 60 days after separation from employment, the enrollment is reinstated retroactive to the day after it was terminated by the employing office.

b. More than 60 days after the separation, the enrollment is reinstated effective the first day of the month after the month in which the application is received.

525.6 Transfer to or From Overseas Post of Duty

Reference Note:
For additional material concerning the subject matter found in 525.6 through 525.82, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S7-3.

An employee who is transferred from a post of duty within the United States (including the District of Columbia) to a post of duty outside the United States, or the reverse, may enroll or change enrollment. Change of enrollment may be from Self Only to Self and Family or from one plan or option to another, or both, within the period beginning 31 days before leaving the old post of duty and ending 60 days after arriving at the new post of duty.

525.7 Move Outside Service Area of a Comprehensive Plan

An employee enrolled in a comprehensive plan (group or individual practice prepayment plan) that moves outside the service area of that plan may change to any other plan available in the area to which he or she is moving and may change options from Self Only to Self and Family. An employee already living outside the service area of the plan that moves farther from the nearest office of the plan in which enrolled may similarly change enrollment. Such a change may be made at any time after the move. The change takes effect on the first day of the pay period after the *PostalEASE* FEHB Worksheet is received by the employing office.

525.8 Employment Transfer

525.81 Within Postal Service or to Another Federal Agency

With the exception noted in 525.7, the enrollment of an employee who moves from one Postal Service installation to another within the Postal Service or to an employing office in a federal agency, whether the personnel action is designated as a transfer or not, continues without interruption provided there is not a break in service of more than 3 days.

An employee enrolled in an employee organization plan who transfers to another agency continues to be enrolled in the plan until either a regular opportunity to change plans (as during an FEHB Open Season) occurs, or

until the enrollment is terminated at the plan's request because the employee no longer is a member of the organization.

525.82 Outside Comprehensive Area

If an employee who is enrolled in a comprehensive plan transfers outside the area serviced by the plan, the provisions in 525.7 apply.

525.83 Congressional Office

Reference Note:
For additional material concerning the subject matter found in 525.83, see:
- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-8.

525.831 From Postal Service to Senate or House

If an enrolled employee leaves the Postal Service and is employed by the Senate or House of Representatives without a break in service of more than 3 days, the health benefits enrollment is transferred as usual.

525.832 From Senate or House to Postal Service

If an enrolled employee of the Senate or House is employed in the Postal Service without a break in service of more than 3 days, the enrollment is terminated at the end of the month in which the separation from the Senate or House occurs. The Postal Service verifies entitlement to continued benefits and reinstates the enrollment on the first day of the following month.

526 Self-Support Determinations

Reference Note:
For additional material concerning the subject matter found in 526 through 526.4, see:
- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-12.

526.1 Physical and Mental Incapacity Requirement

526.11 Incapable of Self-Support

An employee's Self and Family enrollment includes unmarried children over age 22 who are incapable of self-support because of physical or mental incapacity that existed before they reached age 22. A child over 22 years of age is classified as incapable of self-support only if (a) the incapacity can be expected to continue for at least 1 year (b) and the child is not capable, because of the disability, of working at a self-supporting job.

526.12 Capable of Self-Support

A disability such as total blindness or deafness is not in itself qualifying; although it may preclude employment in certain occupations, it does not preclude employment in all occupations or necessarily make a person incapable of self-support.

The onset of a disease before age 22 that does not result in incapacity for self-support until after age 22 does not bring a child within the definition of an eligible family member.

526.2 Financial Dependency

526.21 Dependency Requirement

A child incapable of self-support because of mental or physical disability that existed before age 22 must be dependent upon the employee to qualify for health benefits coverage. In addition, a stepchild or foster child incapable of self-support as described above must also live with the employee in a regular parent-child relationship to qualify. The employing office is responsible for determining whether or not financial dependency has been established for health benefits purposes.

526.22 Automatic Dependency

A child is automatically considered to be financially dependent upon the employee if the child is a legitimate child, an adopted child, a stepchild, a foster child, a recognized natural child who lives with the employee in a regular parent-child relationship, or a recognized natural child for whom a judicial determination of support has been obtained.

526.23 Proof of Dependency

An employee who wishes to provide coverage for a recognized natural child who neither lives with the employee in a regular parent-child relationship nor is protected by a court determination of support submits proof of the recognized natural child's dependency. Evidence that the employee makes regular and substantial contributions to the child's support are accepted as proof of the child's dependency. Examples of proof of dependency are:

a. Evidence of eligibility as a dependent child under other state or federal programs.

b. Proof of inclusion of the child as a dependent on the employee's tax returns for previous years.

c. Cancelled checks, money orders, or receipts for periodic payments received from the employee for, or on behalf of, the child.

d. Evidence of goods or services that show regular and substantial contributions.

526.3 Medical Requirement

526.31 Authority

A Postal Service medical officer has authority to determine whether or not a child over age 22 is incapable of self-support because of mental or physical incapacity. The determination is based upon a medical certificate obtained by the employee at the employee's own expense. The medical certificate is submitted to the Postal Service medical officer for a determination. All medical evidence is retained by the medical officer.

526.32 Medical Certificate

526.321 Submission

Submission requires the following:

a. The medical certificate on which the medical officer makes the determination includes the following information:

(1) Name of child.

(2) Nature of disability.

(3) Period of time disability has existed.

(4) Probable future course and duration of disability.

(5) Doctor's name and address.

b. The medical certificate may be submitted to the medical officer at the time of initial enrollment or later. A medical certificate for a child who has been covered in a Self and Family enrollment is submitted at least 30 days before the child attains age 22.

526.322 Time Limitation

The medical certificate for each individual case may be approved for a limited period of time, e.g., 1 year, or it may be approved without time limitation. The health benefits plan is advised of the duration of the approval in the letter to the health benefits plan (see 526.5).

526.323 Renewal

If the medical certificate for a child is approved for a limited period of time, the employing office prepares a follow-up notice and reminds the employee, at least 30 days in advance of the date the certificate expires, to submit either a new certificate to the medical officer or a statement that the certificate will not be renewed. If it is renewed, the health benefits plan is notified of the new expiration date by letter in the same manner.

526.324 Failure to Renew

If the employee does not renew a certificate for an incapacitated child over age 22, the child's status as a family member automatically stops. The child is no longer covered, and the employee is so notified.

526.325 Late Submission

If an employee submits a medical certificate for a child after a previous certificate has expired or after the child reaches age 22, the medical officer determines whether or not the incapacity existed before the child reached age 22. If it did, and the employee continuously had a Self and Family enrollment, the child is considered to have been family member and to have been covered continuously since age 22.

526.4 Medical Determinations

The employing office obtains the medical determination of the nearest Postal Service medical officer. This medical determination, as provided to the employing office, includes the length of approval of the incapacity (1 year, 2 years, permanent, etc.) The employing office then notifies the health benefits plan of the medical officer's determination.

526.5 Procedures for Notifying the Health Benefits Plan

Reference Note:
For additional material concerning the subject matter found in 526.5, see:
- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-13.

526.51 Employing Office

526.511 Existing Enrollment

If it is determined that a child is incapable of self-support, the employing office notifies the health benefits plan (through the Eagan ASC) by letter, preferably shortly before the child reaches age 22. The letter identifies the employee by name and by Social Security number. The letter also states the name and the date of birth of the incapacitated child as well as the length of approval of the incapacity.

526.512 New Enrollment

For a new enrollment, the medical officer's determination of incapacity is entered in the Remarks section of the *PostalEASE* FEHB Worksheet.

526.52 Postal Data Center

The Eagan ASC submits a letter to the health benefits plan with SF 2811, *Transmittal and Summary Report to Carrier.*

527 Privacy Act Considerations

527.1 Disclosure

Since health benefits records contain information about individuals, they are handled and disclosed only in accordance with the Privacy Act and implementing instructions.

527.2 Maintenance

An employee's health benefits records and related correspondence are maintained within the Postal Service as follows:

a. In the personnel area as part of the privacy system entitled USPS 120.070, Personnel Records — General Personnel Folders (Official Personnel Folders and records related thereto).

b. In the Eagan ASC as part of the privacy system entitled USPS 050.020, Finance Records — Payroll System.

c. In the Postal Service medical facility as part of the privacy system entitled USPS 120.090, Medical Records.

527.3 Privacy Act Requests

527.31 Employees

Employees making formal privacy requests specifically for access to, or update of, health benefits records direct their requests to the head of the employing installation.

527.32 Former Employees

Former employees direct their requests to the nearest Postal Service local personnel office.

527.33 Retired Employees

Retired employees' records are sent to OPM. Retired employees direct their requests to:

EMPLOYEE SERVICE AND RECORDS CENTER
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 45
BOYERS PA 16017-0045

528 Employee Appeals

Reference Note:
For additional material concerning the subject matter found in 528, see:

- *Office of Personnel Management Operating Manual: The Federal Employees Health Benefits Handbook for Personnel and Payroll Offices* (formerly *FPM Supplement* 890-1), Subchapter S-2.

528.1 Appeal of Refusal to Allow Enrollment or Change of Enrollment

Employees may request reconsideration of an employing office's refusal to permit them to enroll or to change enrollment. The request is made in writing and sent within 30 days of the employing office's letter of denial to the area Human Resource address identified in the denial letter. Requests must include the employee's date of birth, name of plan, reasons for the request, and a copy of the denial letter. The decision rendered by the area office is final.

528.2 Appeal of Claim Denial

528.21 Initial Appeal Rights

528.211 Request for Reconsideration

The appropriate health plan adjudicates claims for payment or service. If a claim (or portion of a claim) or a service is initially denied by a health benefits plan, the plan reconsiders its denial upon receipt of written request for reconsideration from the employee within 1 year of the denial. The written request must state, in terms of applicable brochure provisions, the reasons the employee believes the denied claim or service should have been paid or provided.

528.212 Health Plan Responsibility

The health plan acts as follows:

a. The plan affirms the denial in writing to the employee setting out in detail the reasons, within 30 days after receipt of the request for reconsideration, or pay, or provide the claim or service within such time unless it requests additional information reasonably necessary for a determination.

b. Requests for additional information by the plan specifically identify the additional information required and the reason it is needed. If the information requested is not supplied within 60 days of the request, the plan makes its determination and notifies the employee.

c. When the plan affirms a denial after reconsideration, it provides written notice to the employee of the right to request a review of this determination by OPM.

528.22 Request for Office of Personnel Management Review

528.221 Cause for Request to Review

If a plan either affirms its denial of a claim or if its fails to respond to a written request for reconsideration within 30 days of the request, the employee may submit a written request for a review to determine whether the plan's denial is in accord with the terms of the contract with the health benefits plan to:

INSURANCE REVIEW DIVISION
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 436
WASHINGTON DC 20044-0436

The request must specifically identify the claim to be reviewed and include a copy of the employee letter to the plan with copies of any correspondence from the plan regarding its denial.

528.222 Time Limit

A request for review is not honored if received by OPM more than 90 days from the date of the plan's affirmation of the denial.

528.223 Authorization for Release of Medical Information

A request for review is not honored if, upon request by OPM, the employee does not furnish authorization signed by the patient (or person capable of acting for the patient) for the release of medical evidence to OPM.

528.224 Office of Personnel Management Responsibility

OPM acts as follows:

a. In reviewing a claim denied by a plan, OPM reviews copies of all original evidence and findings upon which the plan denied the claim and any additional evidence submitted to OPM or otherwise obtained by the plan or OPM. Plans release such evidence and findings to OPM within 30 days of request. Any evidence obtained by OPM in connection with a review of the denied claim is held privileged and confidential and is reviewed only by persons having official need to see it.

b. In reviewing a claim denied by a plan, OPM may request the employee to obtain and submit additional medical or hospital records. OPM may also request a confidential advisory opinion from an independent physician or such other information or evidence as may, in OPM's judgment, be required to evaluate the claim denial. An OPM request for an advisory opinion does not disclose the identity of the claimant or patient, the plan, or any medical institutions or physicians involved in the claim.

c. Within 30 days after all evidence requested by OPM has been received, it notifies the employee and the plan of its findings on the review.

530 Life Insurance Program

Reference Note:
For additional material concerning the subject matter found in 530, refer to:

- *Federal Employees' Group Life Insurance (FEGLI) Handbook for Employees, Annuitants, Compensationers, and Employing Offices* (RI 76-26).
- *Federal Employees' Group Life Insurance (FEGLI) Booklet* (RI 76-20 or RI 76-21).
- *Compensation Letter* 99-040 (May 24, 1999).

The first two documents are available on the Internet on the Office of Personnel Management page at *http://www.opm.gov/insure/life*. The Compensation Letter is available on the Postal Service Corporate Intranet on the Human Resources Desktop page at *http://blue.usps.gov/hrisp*.

531 Administration and Eligibility

531.1 General

The OPM administers the Federal Employees' Group Life Insurance (FEGLI) Program. The FEGLI law, policies, and regulations issued by OPM, including those governing eligibility and benefits, are controlling in the event of conflict with these instructions.

531.2 Eligible Employees

All postal employees, except those specifically excluded in 531.3, or those who waive coverage, receive Basic Life Insurance coverage. Entitlement to basic life coverage qualifies them to elect optional life insurance coverage.

531.3 Exclusions

See Exhibit 531.3.

Exhibit 531.3
Exclusions

Excluded Individuals	Exceptions
Substitute Rural Carriers.	May retain coverage acquired in former position to which they are expected to return on a full-time basis provided: (a) There is no break in service or (b) The break in service is for 3 days or less.
Casual Employees or Temporary Employees (including rural carrier relief, rural carrier associate, and "off the street" Officers-in-Charge) appointed for a definite period of 1 year or less. ***Note:*** Casual and temporary employees who previously served in positions covered by the FEGLI program maintain coverage if the casual or temporary appointment is made with less than a 4-day break in service.	None.
Noncitizen employees with permanent duty stations outside postal installations in either the United States or the Panama Canal Zone.	American Nationals employed at American Samoa, Micronesia, and Guam.
Employees who are members of the Uniformed Services as defined in section 102 of the Servicemen's and Veterans' Survivor Benefits Act.	None.
Individuals employed for brief periods at intervals and expected to work less than 6 months in each year.	Are eligible for coverage if they are student trainees serving under a formal work study program, provided the program requires that they are in a pay status for at least 1/3 of the total period of time required to complete the program.
Employees with annual base pay of $12.00 or less.	None.
Job Cleaners.	None.
Special Delivery Messengers at Post Offices in CAG H and J.	None.
Clerks-in-Charge of Rural Stations.	None.
Mail Messengers.	None.
Star Route Carriers.	None.
Clerks or leave replacements at post offices in CAG L. ***Note:*** Postmaster leave replacements in CAG L offices who previously served in positions covered by the FEGLI program maintain coverage if the leave replacement appointment is made with less than a 4-day break in service.	None.
Individuals paid on contract or fee basis.	Contract executives or certain other contract employees are covered, provided: a. The contract requires personal services and covers a period greater than 1 year. b. Individuals are under the supervision and direction of the Postal Service. c. Work is performed on a full-time or specified part-time basis.
Employees paid on a piecework basis.	May acquire coverage if their work schedule provides for full-time service or part-time service with a regular tour of duty.

532 Coverage

532.1 Based on Pay

532.11 Full-Time Employees

Full-time employees are covered by an amount of basic insurance (and an equivalent amount of accidental death and dismemberment insurance) based on their annual basic pay in effect at the end of any given pay period. The insurance of an employee who dies while serving in a higher level position is based on the basic pay of the higher level position. (Basic pay for insurance purposes excludes such additional pay as cost-of-living adjustments (COLA), overtime pay, holiday pay, etc.)

532.12 Part-Time Employees

Employees who are paid at other than an annual rate are covered by an amount of basic insurance (and an equivalent amount of accidental death and dismemberment insurance) based on an annual rate determined as follows:

a. *Part-time regular.* The annual basic pay of part-time regular schedule employees is computed by multiplying the basic hourly rate of pay for their levels and steps (excluding COLA) by the number of scheduled hours of service in a 52-week work year.

b. *Part-time flexible.* The annual basic pay of part-time flexible schedule employees is computed by multiplying the basic hourly rate of pay for their level and step (excluding COLA) by 2,000 hours.

   Note: Effective July 21, 1985, as a result of the 1984 collective-bargaining agreements, the number of hours used in converting the basic hourly rate of pay to an annual rate for life insurance purposes changed from 2,008 to 2,000 hours.

532.13 Employees Serving in More Than One Position

532.131 Part-Time Flexible

Insured employees who legally and concurrently hold more than one appointment, of which at least one is for a part-time flexible schedule position, are covered by an amount of basic insurance (and an equivalent amount of accidental death and dismemberment insurance) based on the position with the highest annual salary rate.

532.132 Others

Insured employees who legally and concurrently serve in more than one covered position (other than as part-time flexible schedule employees), whether in the same or in different agencies, are covered by an amount of basic insurance (and an equivalent amount of accidental death and dismemberment insurance) based on the sum of their annual basic pay for all positions.

532.2 Amount

532.21 Basic Insurance

532.211 Minimum

If annual basic pay is $8,000 or less, employees are insured for $10,000. $10,000 is the minimum amount of basic insurance coverage available plus an equivalent amount of accidental death and dismemberment insurance.

532.212 Maximum

If annual basic pay is more than $8,000, employees are insured for an amount equal to the sum of annual basic pay rounded to the next higher thousand plus $2,000 plus an equivalent amount of accidental death and dismemberment insurance.

532.213 Extra Benefit

The extra benefit doubles the amount of Basic Life Insurance payable if the employee is age 35 or younger. Beginning on the employee's thirty-sixth birthday, the extra benefit decreases 10 percent each year until, at age 45, there is no extra benefit.

532.214 Automatic Change

The amount of basic insurance coverage (and equivalent amount of accidental death and dismemberment insurance) changes automatically whenever the employee's annual basic compensation is increased or decreased to the next $1,000 bracket.

532.215 Accidental Dismemberment Provision

The following outlines coverage under the Accidental Dismemberment Provision:

a. *Allowance.* The Accidental Dismemberment Provision allows for insurance payments for loss resulting from bodily injuries incurred solely through violent, external, and accidental means provided the loss occurs within 90 days after the date of the accident.

b. *Disallowance.* The Accidental Dismemberment Provision does not allow insurance payment for bodily injuries attributed to the following causes:

(1) Disease or bodily or mental infirmity, medical or surgical treatment, or diagnoses thereof.

(2) Ptomaine or bacterial infection, except for septic infection from a visible wound sustained through violent, external, and accidental means.

(3) Hernia, no matter how sustained.

(4) Bodily injuries sustained during:

(a) Armed aggression or insurrection.

(b) War, declared or undeclared.

(c) Any act of war.

(d) Any aggression by armed forces against the United States in which nuclear weapons are being used.

(5) Intentional self-destruction or intentionally self-inflicted injury, while sane or insane.

(6) Self-administration of illegal or illegally obtained drugs.

c. *Amount of Payment.* The amount of accidental dismemberment payment depends on (1) the amount for which an employee is insured on the date that the accident occurs and (2) the extent of loss. (The maximum for any one accident is 100 percent.)

d. *Payment Schedule:*

Extent of Loss	Percentage of Insurance Payable[1]
Total and irrecoverable loss of sight in both eyes	100
Total and irrecoverable loss of sight in one eye	50
Severance at or above the wrist joint of both hands	100
Severance at or above the wrist joint of one hand	50
Severance at or above the ankle joint of both feet	100
Severance at or above the ankle joint of one foot	50
Severance at or above the wrist joint of one hand and at or above the ankle joint of one foot	100
Severance at or above the wrist joint of one hand and the ankle joint of one foot, and total and irrecoverable loss of sight in one eye	100

[1] *Maximum for any one accident is 100 percent.*

e. *Supplemental Benefits.* Employees or survivors who are entitled to a dismemberment or accidental death insurance benefit may receive the benefit even though they are entitled to payment under another federal law for the same loss.

Example: An employee who loses a hand in an on-the-job accident may receive the insurance payment for the dismemberment. An employee who qualifies may also receive either disability annuity payments or OWCP benefits.

532.22 Optional Insurance

532.221 Option A — Standard

The amount of Option A — Standard is $10,000. Option A includes coverage for accidental death and dismemberment. Option A may be continued after retirement, but there is no accidental death and dismemberment coverage.

532.222 Option B — Additional

Option B — Additional may be elected in an amount equal to one, two, three, four, or five times the employee's annual rate of basic pay (excludes COLA) after first rounding to the next higher multiple of $1,000 if the pay is not an exact multiple of $1,000. A "multiple" under Option B is limited to no more than the annual rate of basic pay payable to positions at Level II of the Executive Schedule (section 5313, Title 5, U.S. Code) rounded to the next higher $1,000. There is no accidental death and dismemberment coverage. Option B — Additional may be continued after retirement.

532.223 Option C — Family

Option C may be elected to cover eligible family members: Multiples of one, two, three, four, or five may be elected. Each multiple is equal to $5,000 for spouse and $2,500 for each eligible dependent child. Additional Death and

Dismemberment coverage is not included. Option C may be continued after retirement.

533 Cost, Payment, Withholdings

533.1 Basic Insurance Cost

The Postal Service assumes the full cost of basic insurance for all eligible employees (except postal inspectors and Inspector General employees).

533.2 Optional Insurance

533.21 Cost

The cost of the three forms of optional insurance depends on the employee's age. The entire cost is paid by the employee and is withheld from pay as determined by OPM. (See 533.22.)

533.22 Withholdings

533.221 Option A — Standard

Rates for $10,000 of coverage:

Your Age Group	Biweekly	Monthly
Under 35	**$0.30**	**$0.65**
35 through 39	**$0.40**	**$0.87**
40 through 44	**$0.60**	**$1.30**
45 through 49	**$0.90**	**$1.95**
50 through 54	**$1.40**	**$3.03**
55 through 59	**$2.70**	**$5.85**
60 through 64	**$6.00**	**$13.00**
65 through 69	**$6.00**	**$13.00**
70 and over	**$6.00**	**$13.00**

533.222 Option B — Additional

Rates per $1,000 of coverage:

Your Age Group	Biweekly	Monthly
Under 35	**$0.03**	**$0.065**
35 through 39	**$0.04**	**$0.087**
40 through 44	**$0.06**	**$0.130**
45 through 49	**$0.10**	**$0.217**
50 through 54	**$0.15**	**$0.325**
55 through 59	**$0.31**	**$0.672**
60 through 64	**$0.70**	**$1.517**
65 through 69	**$0.70**	**$1.517**
70 and over	**$0.70**	**$1.517**

533.223 **Option C — Family**

Withholding per multiple:

Your Age Group	Biweekly	Monthly
Under 35	**$0.27**	**$0.59**
35 through 39	**$0.34**	**$0.74**
40 through 44	**$0.46**	**$1.00**
45 through 49	**$0.60**	**$1.30**
50 through 54	**$0.90**	**$1.95**
55 through 59	**$1.45**	**$3.14**
60 through 64	**$2.60**	**$5.63**
65 through 69	**$3.00**	**$6.50**
70 and over	**$3.40**	**$7.37**

533.224 **Birthdays and Pay Periods**

For optional insurance purposes, an employee attains age 35, 40, 45, 50, 55, or 60 on the first day of the first pay period following the pay period in which the birthday occurs.

533.225 **Insufficient Pay to Cover Optional Insurance Withholdings**

The following provisions apply:

a. *Termination of Insurance.* Employees who become ineligible for optional insurance have their coverage terminated at the end of the pay period in which the employing office determines that the employee's periodic pay, after all deductions, is insufficient to cover the full cost of the optional insurance. This determination is made when it is expected that, during the next 6 months, the employee's regular pay (after other deductions) will be insufficient to provide the total required withholdings for the optional insurance for at least 50 percent of the pay periods.

b. *Canceling Nonmandatory Deductions.* Employees may cancel or reduce other nonmandatory deductions from pay in order to increase their net pay to provide the total required withholdings for the optional insurance.

534 Special Circumstances Affecting Coverage

534.1 LWOP

534.11 Twelve-Month Maximum

Employees may be in nonpay status up to 12 months and their basic and optional life insurance coverage continues without cost. At the end of 12 months, the coverage ceases. The 12 months in nonpay status may be continuous or may be broken by periods of less than 4 consecutive months in nonpay status. If employees have at least 4 consecutive months during which they receive some pay in each pay period after a period of nonpay status, they are entitled to begin a new 12-month period.

534.12 Notice of Right of Conversion

See 535.63.

534.13 Return to Duty

If employees return to positions not excluded from coverage after their insurance coverage ceases due to expiration of the allowable maximum 12 months in nonpay status, they are again eligible for insurance. Restoration is automatic at the time employees actually enter on duty in a pay status unless they file a waiver of Basic Life Insurance (or decline optional insurance). If the employees again go on LWOP and have not completed 4 consecutive months in pay status, insurance coverage ceases the last day of the last pay period in which they were in pay status.

534.14 Appointment to Temporary Position

534.141 Coverage

If employees in nonpay status, who are entitled to free insurance (basic and/or optional) while in a nonpay status, accept temporary appointments to positions excluded from insurance coverage, they continue to receive insurance coverage. Basic Life Insurance coverage is based on the higher salary rate. Upon termination of the temporary appointment, the employee's insurance coverage reverts to the first position and basic insurance coverage is based on that salary rate.

534.142 New Twelve-Month Maximum

If employees serve and receive pay for 4 consecutive months in temporary positions, they are entitled to begin a new 12-month maximum nonpay period during which their insurance continues.

534.143 Optional Insurance Withholdings

Withholdings for optional insurance are made from the employee's pay earned in the temporary position.

534.15 Retirement Annuity Pending

Employees who are in nonpay status while their application for retirement annuity is pending, continue to be insured until the expiration of the 12 months in a nonpay status or until employees are separated, whichever occurs first. If insurance is terminated for either of these reasons, it is restored to employees as annuitants provided:

a. Annuities become effective no later than 1 month after the insurance held as employees is terminated, and

b. Employees are eligible to continue insurance coverage into retirement. (See 536.1.)

534.2 Service in Employee Organization

534.21 Election

534.211 General

Employees who are granted leave without pay (LWOP) to serve as full-time officers or employees of an employee organization composed primarily of federal/postal government employees may elect to continue life insurance coverage for as long as they are on LWOP. The election is filed with the employee's installation head within 60 days after LWOP begins.

534.212 **Employee Elects to Continue**

If employees elect to continue insurance coverage, they pay for (or arrange to have paid), on a current basis, the total premium costs as determined by the Eagan ASC.

534.213 **Employee Does Not Elect to Continue**

If employees do not elect to continue insurance coverage, the insurance continues for the maximum 12-month LWOP period, and then is terminated.

534.22 Installation Head Responsibility

534.221 **Notify Employee of Right to Elect**

As soon as LWOP is authorized, the installation head notifies the employee of the right to elect to continue or to discontinue insurance coverage. The employee's election must be in writing.

534.222 **Set Up Reminder System**

The installation sets up a follow-up system to remind employees that an election is to be filed within a 60-day time limit.

534.223 **Contact Employee**

If an employee does not make an election, the installation contacts the employee to urge that an election be made (if possible).

534.224 **Document Action**

If, after being contacted, the employee continues to refuse to make the election, all action taken is documented. Failure of the employee to make an election is considered an election not to continue the insurance.

534.225 **Copy of Election Filed**

A copy of the election (or installation head's documentation) is filed in the employee's official personnel folder.

534.3 Employees Receiving OWCP Benefits

534.31 Eligibility

534.311 **Basic Life Insurance**

Employees receiving OWCP benefits may retain basic insurance (not accidental death and dismemberment) provided:

a. On the day that basic insurance would otherwise terminate, they are in receipt of benefits under the Federal Employees' Compensation Act because of disease or injury, and the Department of Labor has held that they are unable to return to duty.

b. They do not convert to an individual policy.

c. They have been insured under the FEGLI Program for 5 years of service immediately preceding the date they became entitled to benefits under the Federal Employees' Compensation Act, or the full period(s) of service since their first opportunity to be insured if less than 5 years.

534.312 **Optional Insurance**

Employees may retain optional life insurance (not accidental death and dismemberment) provided:

a. They are eligible to continue Basic Life Insurance.

b. They have had optional insurance in force no less than (1) the 5 years of service immediately preceding the date the employee becomes entitled to compensation benefits, or (2) if less than 5 years, the full period(s) of service during which the optional insurance was available to them.

534.32 Termination of Insurance

The *continued* insurance coverage accorded employees who are receiving OWCP benefits and who are unable to return to active service terminates when their compensation benefits cease, or when the Department of Labor rules that the employees are able to return to active service. These employees do not have a 31-day extension of life insurance (see 535.62), nor do they have the privilege of converting to an individual policy (see 535.7). They may, however, resume coverage if they return to active service in a position which affords life insurance coverage, i.e., a career position (see 534.33).

534.33 Resumption of Insurance

Employees who receive OWCP benefits and then return to pay status (or separate and then are reemployed) again become insured as employees. Employees who receive OWCP benefits and then receive an immediate Civil Service annuity retain insurance coverage as annuitants.

534.34 Notice of Right of Conversion or Continuation

534.341 Choice

Employees who have completed 12 months in a nonpay status and who are receiving benefits under the Federal Employees' Compensation Act are given SF 2819, *Notice of Conversion Privilege,* and SF 2821, *Agency Certification of Insurance Status,* and are informed that they have a choice of converting to an individual policy or continuing with group life insurance (not accidental death or dismemberment) while in receipt of compensation. Employees must meet eligibility requirements cited in 534.31 in order to continue coverage.

534.342 Cost

If an employee is eligible to continue coverage during receipt of compensation, basic insurance continues without cost provided compensation benefits commence prior to January 1, 1990, and the employee elects a 75 percent reduction in coverage after attaining age 65. If the employee is also eligible to continue optional insurance, premiums are withheld from compensation payments.

534.343 Procedures for Continuation

If an eligible employee elects to continue group life insurance, the following procedures apply:

a. The employing office has the employee complete SF 2818, *Continuation of Life Insurance Coverage as a Retiree or Compensationer*.

b. The employing office forwards to OPM the following:

(1) SF 2821.

(2) SF 2818, *Continuation of Life Insurance Coverage as a Retiree or Compensationer.*

(3) SF 2817 and/or SF 176, *Life Insurance Election* (all copies).

(4) SF 2823 and/or SF 54, *Designation of Beneficiary* (all copies).

Forms are forwarded by certified or registered mail to:

RETIREMENT OPERATIONS CENTER
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 45
BOYERS PA 16017-0045

A brief note should be attached to alert OPM that forms are being forwarded for "CSI (Civil Service Insurance) Processing." A record of the action including copies of all forms should be kept in the employee's OPF.

c. OPM certifies insurance status and postretirement election to Department of Labor (OWCP) and then informs employee of insurability status.

534.4 Living Benefits

Employees with written documentation of a medical prognosis of terminal illness, indicating life expectancy that does not exceed 9 months, are eligible to elect a lump sum payment of life insurance equal to or less than the value of their Basic Life Insurance. This option is not available for additional optional insurance elections.

Elections must be submitted to the Office of Federal Employees' Group Life Insurance (OFEGLI) on Form FE-8, *Election of Living Benefits.* This form is not available in local personnel services offices and must be requested directly from OFEGLI by calling 1-800-633-4542.

534.5 Assignment of Life Insurance

Assignment means that the employee gives up ownership of all life insurance elected under OFEGLI (except Option C — Family) with no option to rescind the decision. The assignee becomes the beneficiary and the employee continues to pay premiums as appropriate. The employee no longer has the right to change beneficiaries or reduce the amount of coverage.

Assignments are usually made for one of the following reasons:

a. To comply with a court order for divorce.

b. For inheritance tax purposes.

c. To obtain cash before death.

d. To satisfy a debt.

Form RI 76-10, *Assignment of Federal Employees' Group Life Insurance,* is required and may be obtained from the personnel services office.

534.6 Erroneous Enrollments

In instances where an employee is allowed to enroll or increase benefits in either Basic or optional insurance and does not meet the criteria for completion of SF 2817, the enrollment may be allowed to stand. If the coverage remains in force for 2 years or more and the error is not detected and corrected within that 2-year period, the enrollment continues under the FEGLI Incontestability Clause.

535 Actions

535.1 Acquiring Coverage

535.11 Basic Insurance

535.111 Newly Eligible Employees

Employees who are newly eligible (newly hired persons or persons converted from positions in excluded categories to positions covered by life insurance) automatically acquire Basic Life Insurance coverage on the first day of active duty in pay status without cost to them (except postal inspector and Inspector General employees).

535.112 Transfer Employees

Eligible employees who transfer into the Postal Service on or after July 20, 1974, from a federal agency automatically obtain Basic Life Insurance coverage, at no cost to them, on the first day of active duty in pay status.

535.113 Previous Waiver

Previously submitted waivers are not accepted.

a. A waiver of Basic Life Insurance in effect at the time an individual becomes an employee of the Postal Service (provided the appointment is on or after July 20, 1974, and the position is not excluded from insurance coverage) is automatically cancelled. The employee becomes insured for Basic Life Insurance on the first day of active duty in a pay status.

b. All waivers of Basic Life Insurance in Postal Service employee's personnel folders by virtue of Postal Service employment are to be officially cancelled before the folders are forwarded to another agency or sent to the National Personnel Records Center for retention. This also applies to cancelled waivers submitted to OPM with retirement applications. (A rubber stamp notice on SF 2817 citing 5 CFR 870.204 as the reason for the cancellation of the waiver is sufficient.)

535.12 Optional Insurance

535.121 Eligibility

Employees who have basic insurance and who have not previously declined optional insurance are eligible to elect optional insurance. Refer to 535.92 for automatic cancellation of previously declined optional insurance in the case of reinstated employees.

535.122 Election/Declination Requirement

Employees must indicate whether they wish to elect or decline optional insurance.

a. Within 31 days after becoming eligible for optional insurance, employees must complete and submit SF 2817, *Life Insurance Election,* for the purpose of electing or declining optional insurance, unless a declination of optional insurance filed on SF 2817 during earlier employment remains in effect.

b. If eligible employees decline to file SF 2817, the employing office completes the form for them declining the optional insurance. In the space provided for the employee's signature, the employing office

enters the employee's name and the date that the employee was contacted and failed to elect optional insurance. The installation official making the entry signs and dates the form.

535.123 **Effective Date**

Optional insurance affirmatively elected is effective on the first day the eligible employee actually enters on duty in a pay status on or after the day the election is received in the employing office.

535.124 **Belated Election**

If an employee submits an election after the required timelines, employing offices must consider the following:

a. *Cause Beyond Employee's Control.* If, within 6 months after an employee becomes eligible, the employing office determines that the employee was unable to timely elect optional insurance due to "cause beyond the employee's control," the employing office may accept the election within 31 days after notifying the employee of its determination.

Example: (1) the employing installation did not give new employees information about optional insurance, or (2) employees were told by the employing installation that they were not eligible for optional insurance.

b. *Documentation.* If an employing office accepts a late election, it records on SF 2817 its determination that the employee was unable to make a timely election for cause beyond the employee's control, giving the date the employee was notified of the determination. When an employee elects optional insurance, it is especially important that this be documented on SF 2817 for purposes of meeting the "coverage for the full period of service during which optional insurance was available or for the last 5 years" requirement for continuing optional insurance after retirement. The employee's reason for failing to timely elect need not be stated on SF 2817. Instead, a memo stating the reason is attached to the original SF 2817.

c. *Retroactive.* Late elections are effective retroactive to the pay period beginning immediately after the one in which the employee first became eligible.

535.2 Waiver of Basic Insurance

535.21 Filing SF 2817

New employees who, for religious or other reasons, do not want free Basic Life Insurance, must file SF 2817 with their employing offices, waiving insurance coverage.

535.22 Effective Date

A waiver becomes effective at the end of the pay period in which SF 2817 is received by the employing office.

535.23 Employee Statement

The installation makes absolutely certain that an employee understands the consequence of the waiver. A statement signed by the employee, together with SF 2817 waiving insurance coverage, is filed as a permanent record in the employee's official personnel folder. (See 535.24.)

535.24 Sample Statement

To: Postmaster

[__*city, state, ZIP*__]

I have been informed of my right to receive Basic Life Insurance coverage of at least $10,000 based on my employment with the U.S. Postal Service. I fully understand that this Basic Life Insurance coverage is available without cost to me. While I have had the benefits of this free coverage explained to me, I still elect not to accept this free life insurance and have so indicated on Part 5 of SF 2817.

[__*signature*__]
[__*date*__]
[__*city, state, ZIP*__]

535.3 Declination of Optional Insurance

Employees who elect the basic insurance but who do not desire the optional insurance must file a properly completed SF 2817, declining the optional insurance.

535.4 Effect of Waiver or Declination

535.41 Reappointment/Transfer

Once a properly executed waiver of basic insurance or declination of optional life insurance, completed on or after April 4, 1981, by a postal employee is received in the employing office and is made effective, it remains in effect until cancelled even though the employee may transfer to another agency or be reappointed after a break in service. See 535.8 for procedures for canceling waiver or declination and 535.92 for automatic cancellation of previously declined optional insurance, in the case of reinstated employees.

535.42 Previous Filing

535.421 Basic Life Insurance

An eligible employee who has previously worked for the federal government, or District of Columbia government, and who has never filed a waiver automatically has Basic Life Insurance coverage. If an uncanceled waiver of Basic Life Insurance is outstanding and another waiver is not filed, the waiver is automatically cancelled when the individual is employed by the Postal Service, provided the position is not excluded from insurance coverage. (See 535.113.) The employee acquires free basic insurance on the first day of active duty in pay status.

535.422 Optional Insurance

If an uncanceled declination of optional insurance is outstanding, the employee cannot elect the declined optional insurance until the declination is cancelled. Refer to 535.9 for exceptions.

535.5 Cancellation of Insurance Coverage

535.51 Filing SF 2817

Employees may cancel insurance by filing a completed SF 2817 with employing offices. They may cancel basic life and optional insurance, or may cancel optional insurance only.

535.52 Effective Date

Cancellations become effective at the end of the pay period in which the SF 2817 canceling the insurance is received by the employing office.

A cancellation of family optional insurance becomes effective, and family optional insurance stops at the end of the pay period in which the declination or waiver is properly filed, except that, at the request of the employee and upon proof satisfactory to the employing office that there was no family member eligible for coverage, the effective date of the cancellation may be made retroactive to the end of the pay period in which there ceased to be eligible family members.

535.6 Termination

535.61 Effective Date

535.611 Basic Insurance

An employee's basic insurance terminates:

a. At the end of the last day of the pay period in which the employing office receives the employee's waiver of life insurance coverage (SF 2817); or

b. At the end of the day on which the employee is separated for any reason, including separation for transfer to another agency (except a mass change — transfer of the organizational unit); or

c. At the end of the day on which the employee completes 12 months in a nonpay status as explained in 534.1; or

d. At the end of the last day of the employee's last pay period in pay status, if the employee is not entitled to any further continuation because he or she has not completed 4 consecutive months in pay status since exhausting 12 months maximum LWOP (see 534.11); or

e. At the end of the day which precedes the day the employee moves to excluded employment (see Exhibit 531.3).

535.612 Optional Insurance

An employee's optional insurance terminates:

a. At the time the basic insurance terminates, or

b. On the last day of the pay period in which the employing office received the employee's declination of optional insurance (SF 2817), or

c. On the date preceding the date the employee's basic insurance is continued into retirement (or during the time that the employee is in receipt of compensation for a work injury, if not eligible to continue optional insurance also), or

d. At the end of the pay period in which it is determined, in accordance with instructions in 533.225, that the employee's periodic pay, after all other deductions are made, is insufficient to cover the full cost of the optional insurance.

535.62 Temporary Continued Protection for Thirty-One Days

When basic life and/or optional insurance terminates, except by waiver or declination, the employee continues to have life insurance protection (not

accidental death and dismemberment) for 31 days thereafter. This 31-day temporary extension is automatic. There is no extension of protection when insurance terminates by waiver or declination.

535.63 Notice of Termination and of Conversion Privilege

The employing office is required to promptly issue SF 2821 and SF 2819 to employees when group insurance terminates under conditions entitling employees to convert to individual policies. The notification requirements are as follows:

a. *Conditions for Issuing SF 2821 and SF 2819.* SF 2821 and SF 2819 are issued by the employing office when insurance terminates (except by waiver or declination) as a consequence of one of the following:

(1) Separation, such as but not limited to resignation, retirement, death, and removal.

(2) Completion of 12 months in a nonpay status, including when in receipt of benefits under OWCP.

(3) Assignment to a noncovered position (see 531.3) in which the employee is not eligible to continue or reacquire insurance coverage, or

(4) Entry into active military service covered by military leave with pay which terminates before the employee is scheduled for release from military duty. (SF 2821 is issued when military leave with pay ceases. Issuance of SF 2821 and SF 2819 is not necessary if it is known that within 3 calendar days after the date that military leave with pay ceases, the employee will return to government service and will be eligible to reacquire insurance.)

b. *Conditions for Not Issuing SF 2821 and SF 2819.* SF 2821 and SF 2819 are not issued when employees are not entitled to convert to individual life insurance policies and insurance terminates under one of these two conditions:

(1) Basic life or optional insurance, or both, terminate because the employee filed a waiver or declination (SF 2817) canceling coverage; or

(2) It is known that within 3 calendar days after the date the insurance terminates, the employee will return to government/postal service in the same or another position in which the employee is eligible to reacquire insurance.

535.64 Requirement for Continuous Protection

To have continuous insurance protection, the employee must normally apply for an individual policy and pay the first premium to the insurance company within the 31-day temporary extension period (see 535.62).

535.7 Conversion

535.71 Converted Policy

535.711 Purchase of Individual Policy

An employee entitled to convert insurance coverage may purchase an individual policy from any eligible insurance company that the employee

selects. A medical examination for determining insurability is not required. The policy, at the employee's option, may be equal to or less than the group insurance the individual had as an employee, including optional insurance but excluding accidental death or dismemberment benefits. The policy may be in any form customarily issued by the insurance company except term insurance.

535.712 **Information Source**

Information regarding insurance companies which are eligible and willing to handle conversions may be obtained from the:

OFFICE OF FEDERAL EMPLOYEES
GROUP LIFE INSURANCE
PO BOX 2627
JERSEY CITY NJ 07303-2627

535.72 Time Limits for Conversions

535.721 **Employing Office Responsibility**

If through administrative error the conversion notice to the employee is not issued within 6 months after the insurance terminates, the employing office contacts the individual and determines whether the employee wishes to convert. If the individual wishes to convert coverage, permission must be obtained from OPM to issue a conversion notice. The employing office forwards the request to Compensation at Headquarters with a detailed explanation of the reasons for the delay in issuing the conversion notice. If the individual does not wish to convert coverage, it should be documented in the employee's OPF. No further action will be required.

535.722 **Employee Responsibilities**

An employee must take action to convert insurance coverage.

a. An employee who desires to convert to an individual policy submits SF 2821 and SF 2819 to the OFEGLI within 31 days after termination of the insurance, or, if not notified of conversion privilege at time of termination, within 31 days after being notified of conversion privilege.

b. An employee who desires continuous coverage applies for conversion and pays the first premium within the 31-day period. (see 535.64)

535.73 Conversion Privilege for Family Members

Eligible family members also have the right to convert their coverage under the family optional insurance (Option C — Family) to individual policies within the 31 days following the death of an employee or during the 31 days after the termination of group insurance if the employee has a right to convert, but does not elect to exercise that right. The form to be used by family members for this purpose is SF 2819.

535.8 Canceling Waivers or Declinations

535.81 Conditions

Employees who previously waived (or declined) insurance coverage may cancel a waiver (or declination) if the following conditions are met:

a. The date that the employee requests the insurance is at least 1 year after the effective date of the last waiver (or declination), and

b. The employee furnishes satisfactory medical evidence of insurability. For exceptions to the above conditions, refer to 535.9.

Note: Employees reinstated after a break in service of *180 days or more* are eligible to complete a new SF 2817 election. This automatically cancels any previous election to waive coverage.

535.82 Procedures

To cancel a waiver or declination, the personnel services office completes SF 2822, *Request for Insurance,* Part A, and forwards it to the employee. The employee completes Part B and proceeds by following instructions printed on SF 2822. Any fee for medical examination and certification is paid by the employee. If the request for insurance is approved by OFEGLI, appropriate steps are taken to assure that (optional) life insurance deductions are withheld as required (see 535.832). If denied, a request for further consideration may be made to OFEGLI. Their decision is final and cannot be appealed.

535.83 Coverage After Cancellation of Waiver or Declination

535.831 Basic Insurance

To continue basic coverage after a cancellation of waiver or declination the following procedures apply:

a. *Pay Status Requirement.* Coverage is effective on the employee's first day in a pay status following the date of approval by OFEGLI as shown on SF 2822. If the employee is not at that time in a pay status, coverage becomes effective at the time the employee enters on duty the first day in a pay status.

b. *Expiration of 31 Days.* If, for any reason, the employee does not become insured within 31 days after OFEGLI approval, the authorization to cancel the waiver expires. The employee then repeats the procedure (if still eligible) by completing and filing another SF 2822.

c. *Subsequent Cancellation.* If, after cancellation of the waiver of basic insurance, the employee wishes to again cancel insurance coverage, a new waiver on SF 2817 is filed.

535.832 Optional Insurance

To continue optional coverage after a cancellation of waiver or declination the following procedures apply:

a. *Filing Election.* After approval by OFEGLI of an employee's request for cancellation of a declination of optional insurance, the employee has 31 days in which to complete SF 2817 electing optional insurance and to file it with the employing installation. The election (and optional insurance coverage) is effective at the time the employee enters on duty that first day in pay status on or after the day the election is received in the employing installation. Withholdings for optional insurance begin with that pay period.

b. *Requirements.* OFEGLI approval is revoked automatically, and the optional insurance does not become effective if the employee fails to submit an election or to meet the pay and duty status requirements within 31 days after the date of approval.

c. *Subsequent Declination.* If, after electing the optional insurance, the employee wishes to again decline, a new declination on SF 2817 is filed.

535.9 Exceptions for Canceling a Declination of Optional Insurance

535.91 Life Status Changes

An employee enrolled for basic insurance who has declined Option B — Additional and/or Option C — Family, may elect this coverage upon marriage, divorce, the spouse's death, or the acquisition of an unmarried dependent child. Additionally, an employee who has in force at least one, but less than five, multiples of Option B coverage may also elect to increase the number of multiples of Option B coverage upon marriage, divorce, the spouse's death, or the acquisition of an unmarried dependent child.

535.911 Time Limitation

Election must be filed with the employing office on SF 2817 during the 60-day period following the date of the event which permits the election. This 60-day time limit may be extended if the employee is not serving in a covered position on the day of the event, or if the individual separates from covered service prior to completion of the 60-day time limit. This extension of the time limit is limited to coincide with the 31-day time limit for electing insurance following employment in a covered position.

535.912 Limitation on Coverage

The number of multiples for Option B coverage that an employee may elect or add is limited as follows:

a. *Marriage* — One multiple for each additional family member (spouse, any unmarried dependent child) associated with the marriage.

b. *Acquisition of Child(ren)* — One multiple for each newly born, adopted, etc., unmarried dependent child added to employee's family.

c. *Divorce or Death of Spouse* — One multiple for each unmarried, dependent child on date of event.

535.913 Effective Date

The effective date of coverage is the first day the employee actually enters on duty in a pay status on or after the day the election is received in the employing office.

535.914 Proof Required

Proof of the marriage or the acquisition of the eligible child must be submitted by the employee.

535.92 Reinstatement Actions

535.921 Conditions

A declination of optional insurance (all options) filed on or after April 1, 1981, is automatically cancelled at the time an employee is reinstated, regardless of the employee's age, if the following conditions are met.

a. The employee was separated from the service for at least 180 days.

b. The employee files an affirmative election of optional insurance coverage. When an employee fails to file a new SF 2817 within 31 days

after reinstatement, it is determined that the employee has declined optional coverage.

Note: A previous declination of optional insurance, initiated on SF 176 prior to April 1, 1981, is automatically cancelled regardless of length of separation. All SF 176s were automatically cancelled effective April 1, 1981.

535.922 **Effective Date**

The effective date of coverage is the first day the employee actually enters on duty in a pay status on or after the day the election is received in the employing office.

536 Retirement

536.1 Requirements for Continuance

536.11 Basic Insurance

536.111 **Eligibility**

An employee who retires with an immediate annuity retains Basic Life Insurance (not accidental death and dismemberment) if all of the following requirements are met:

a. The employee retires from a position in which insured.

b. The employee does not convert to an individual policy when basic insurance as an employee would otherwise cease.

c. The employee retires on an immediate annuity, that is, one that begins to accrue no later than 1 month after the date the insurance would otherwise cease.

d. The employee has been insured under the FEGLI Program for the 5 years of service immediately preceding retirement *or* the full period(s) of service during which the Basic Life Insurance was available to the employee, if less than 5 years.

536.112 **Election Requirement**

An employee who meets the requirements for continuation of Basic Life Insurance coverage during retirement and desires to continue such coverage must complete SF 2818. On this form, the employee elects 75 percent, 50 percent, or no reduction in the amount of basic insurance coverage after attaining age 65.

536.12 Optional Insurance

Employees who retire retain optional life insurance (not accidental death and dismemberment) if they are eligible to continue basic insurance and have had optional insurance in force for no less than:

a. The 5 years of service immediately preceding the employee's retirement.

b. The full period or periods of service during which the optional insurance was available to the employees. (For this purpose, April 14, 1968, is the earliest date on which Option A was available, and April 4, 1981, for Options B and C.)

536.2 Cost

536.21 Basic Insurance

536.211 Premiums

Effective with retirements beginning January 1, 1990, or later, payment of premiums by retirees is required to retain Basic Life Insurance coverage. Rates are based on the reduction option selected on SF 2818 at time of retirement. Rates are shown below and reduction options are detailed in 536.3.

Monthly Cost of Basic Insurance		
Election	**Up to Age 65**	**After Age 65**
75% Reduction	$**0.3358** per $1,000	No Cost
50% Reduction	$**0.9258** per $1,000	$**0.59** per $1,000
No Reduction	$**2.3758** per $1,000	$**2.04** per $1,000

536.212 Withholdings

The withholdings will begin at retirement and continue for the life of the annuity, or until the election is cancelled, or coverage is otherwise discontinued. The 50 percent or no reduction may be cancelled at any time. The amount of basic coverage is then computed as if the 75 percent reduction had been made. The retiree is not entitled to a refund of the premiums already paid.

536.22 Optional Insurance

Refer to 533.22 for cost of optional insurance coverage. Withholdings will be made from the annuity on a monthly basis and will continue through the month the retiree reaches age 65. No further withholdings are required after age 65 or retirement, whichever occurs later.

Note: For annuitants under the FERS, if the annuity is too low to cover the cost of life insurance, premiums may be paid by direct mail to OPM. OPM advises annuitants of insufficient annuity and allows them to make direct payments or decrease or cancel FEGLI coverage.

536.3 Reduction After Retirement

536.31 Basic Insurance

536.311 Seventy-Five Percent Reduction

Effective at the beginning of the second calendar month following the date of retirement or age 65, whichever is later, the insurance is reduced by 2 percent each month, with a maximum reduction of 75 percent of the amount of coverage in force at retirement.

536.312 Fifty Percent Reduction

Effective at the beginning of the second calendar month following the date of retirement or age 65, whichever is later, the insurance is reduced by 1 percent each month with a maximum reduction of 50 percent of the amount of coverage in force at retirement.

536.313 No Reduction

The entire amount of coverage in force at retirement will continue after reaching age 65 without any reduction.

536.32 Optional Insurance

536.321 Option A — Standard

Effective at the beginning of the second calendar month following the date of retirement or age 65, whichever is later, the insurance is reduced by 2 percent each month, with a maximum reduction of 75 percent or $7,500. The full 75 percent reduction will be reached in 37 months.

536.322 Option B — Additional and Option C — Family

Employees who retire on or after April 24, 1999, may choose to continue their Option B and/or Option C coverage without reduction into retirement. Employees may also elect how many of the Option B and C multiples they wish to continue into retirement. The monthly rates for Optional B and C Insurance in Retirement are shown as below:

	Option B Per $1,000 Insurance		Option C Per Multiple	
Your Age Group	**Full Reduction**	**No Reduction**	**Full Reduction**	**No Reduction**
Under age 35	$0.065	$0.065	$0.59	$0.59
35 through 39	$0.087	$0.087	$0.74	$0.74
40 through 44	$0.130	$0.130	$1.00	$1.00
45 through 49	$0.217	$0.217	$1.30	$1.30
50 through 54	$0.325	$0.325	$1.95	$1.95
55 through 59	$0.672	$0.672	$3.14	$3.14
60 through 64	$1.517	$1.517	$5.63	$5.63
65 through 69	Free	$1.517	Free	$6.50
70 and over	Free	$1.517	Free	$7.37

If an employee chooses full reduction, effective at the beginning of the second calendar month following the date of retirement or age 65, whichever is later, the insurance is reduced by 2 percent each month for 50 months. At 12:00 p.m. on the day preceding the 50th reduction, the insurance will cease with no extension of coverage or right to convert.

536.4 Living Benefits

Annuitants with written documentation of a medical prognosis of terminal illness, indicating life expectancy that does not exceed 9 months, are eligible to elect a lump sum payment of life insurance equal to their Basic Life Insurance that would be in effect 9 months after the date OFEGLI receives a completed claim form. Premiums are discontinued from the monthly annuity. This option is not available for additional optional insurance elections.

Elections must be submitted to the OFEGLI on Form FE-8. This form is not available in local personnel services offices nor from OPM, and must be requested directly from OFEGLI by calling 1-800-633-4542.

536.5 Assignment of Life Insurance

Assignment means the annuitant gives up ownership of all life insurance elected under OFEGLI (except Option C — Family) with no option to rescind the decision. The annuitant no longer has the right to change beneficiaries or

reduce the amount of coverage. The assignee becomes the beneficiary and the annuitant continues to pay premiums as appropriate.

Assignments are usually made for one of the following reasons:

a. To comply with a court order for divorce.

b. For inheritance tax purposes.

c. To obtain cash before death.

d. To satisfy a debt.

Form RI 76-10 is required and may be obtained from the personnel services office.

537 Reemployed Annuitants

537.1 Coverage

537.11 Terminated by Reemployment

When insured annuitants are reemployed under conditions which terminate title to the annuity, the insurance carried as a retired employee is terminated without the right to convert. The employee, however, may acquire insurance provided the new employment is not a position that is excluded from coverage.

537.12 Retained During Reemployment

When insured annuitants are reemployed under conditions that do not terminate title to the annuity, they retain basic and any optional life insurance held as retired employees. A reemployed annuitant retains life insurance regardless of whether annuity is paid through the period of reemployment or payment of annuity is merely suspended. Life insurance is resumed at the same rate upon termination of the reemployment.

537.121 Suspended

If the annuitant, however, acquires new insurance coverage as a result of employment, i.e., appointment to a covered position (see 537.13), then his or her insurance coverage as a retired employee is suspended. The total amount of basic, standard optional, family optional, and, in some cases, additional insurance (see 537.132) held as a retiree is suspended on the day before the first day in a pay status under the appointment.

a. *Reductions.* While life insurance coverage is suspended, any reductions to it because of attaining, or having already attained, age 65 apply.

b. *Death in Service.* If the covered annuitant dies during reemployment, the suspended Basic Life Insurance (less applicable reductions) is automatically reinstated upon death in the amount necessary to assure that the basic insurance benefit paid is no less than the amount which would have been paid if the annuitant had not been reemployed. In the case of any optional coverage, suspended coverage is not reinstated upon death.

537.122 **Continued**

For annuitants reemployed in positions which exclude coverage, the insurance maintained as a retired employee is not suspended, but continues in force.

537.13 Automatic Coverage

Annuitants appointed to nonexcluded positions automatically acquire basic and optional insurance, except for additional optional (see 537.132), as an employee, on the first day in pay and duty status unless they file a waiver, or declination, or have an unrevoked declination of optional insurance on file during prior employment. The insurance acquired is the same as that held as an employee and includes full coverage, including applicable double indemnity and dismemberment benefits.

537.131 **Optional Withholdings**

Where optional life insurance withholdings are involved, the employing office must notify OPM by completing OPM Form 1482, *Agency Certification of Status of Reemployed Annuitant*. Upon notification, OPM will terminate the optional insurance withholdings from the monthly annuity. Withholdings will be made from the employee's salary.

537.132 **Additional Optional Coverage**

Reemployed annuitants eligible for continued additional optional insurance (Option B) as retirees and as employees must elect either coverage.

a. *Election.* If the reemployed annuitant wishes to have the annuitant coverage continue, no action is required. However, if the coverage as an annuitant is to be suspended and the employee elects coverage acquired by reemployment, SF 2817 must be completed within 31 days after reemployment.

b. *Procedures.* Employee completes SF 2817 reconfirming coverage. Withholdings for coverage are made from salary. OPM Form 1482 is completed and forwarded to OPM, notifying that office of the effective date withholdings from salary began.

537.14 Waiver and/or Declination of Coverage

537.141 **Insurance Affected**

A declination or waiver filed by a reemployed annuitant applies to insurance as an employee and also to insurance as an annuitant.

537.142 **Effect**

The employing offices must make certain that a reemployed annuitant who wishes to file a waiver and/or declination understands the effect(s) of such action. Reemployed annuitants should not file a waiver and/or declination if they want the previously acquired insurance that they had as annuitants to continue.

537.143 **Exception**

One exception to this general rule applies to the decision of a reemployed annuitant to "cancel" additional optional insurance coverage available as an employee (see 537.132).

537.144 **Employing Office Procedures**

Whenever a declination or waiver is filed by a reemployed annuitant, the following procedures must be applied to assure that OPM records are noted regarding the waiver:

a. SF 2817 is completed by the reemployed annuitant showing a confirmation of those forms of coverage the annuitant wishes to retain.

b. The words "Reemployed Annuitant" and, if known, the retired employee's Civil Service Annuitant (CSA) or CSI number are entered on all copies of SF 2817.

c. A photocopy of SF 2817 with a brief transmittal letter is sent to:

INSURANCE SERVICES BRANCH
RETIREMENT AND INSURANCE GROUP
OFFICE OF PERSONNEL MANAGEMENT
1900 E ST NW
WASHINGTON DC 20415-0001

SF 2817 is processed in the usual manner.

537.15 Amount of Coverage

The amount of a reemployed annuitant's basic insurance coverage as an employee is based on the annual basic pay before reduction of pay by annuity allocable to the period of reemployment. The full amount of basic and optional insurance is acquired by the reemployed annuitant, even if the reemployed annuitant had attained age 65, and the amount of insurance coverage as an annuitant had already been reduced. Withholdings are made for optional insurance.

537.16 Termination and Conversion

537.161 **Termination Date**

Unless retained under 537.17, insurance acquired during reemployment terminates (subject to a 31-day temporary extension) on the date the reemployment terminates.

537.162 **Conversion Privilege**

Insurance acquired during reemployment may be converted only if the annuitant does not have insurance coverage as a retired employee. A reemployed annuitant who has insurance coverage (as a retired employee) which was suspended during the period of reemployment does not have the conversion privilege. The suspended insurance is reinstated as explained in 537.121.

537.17 Continuance Upon Termination of Reemployment

537.171 **Retention**

Upon the employee's separation from reemployment, the life insurance which was acquired during reemployment (not accidental death and dismemberment) may be retained only if the reemployed annuitant:

a. Has completed the equivalent of at least 1 year of continuous full-time service which meets requirements for supplemental annuity, or has otherwise acquired a new retirement eligibility, and

b. Meets the eligibility requirements for continuance of insurance coverage set forth in 536.

537.172 **Procedures**

If the reemployed annuitant qualifies for a supplemental annuity, the employing office completes SF 2821. The words "Reemployed Annuitant" and the CSA or CSI number are typed under the name on SF 2821.

537.173 **Adjustment**

If the insurance acquired during reemployment is retained, it continues, subject to reduction at age 65, the same as for any other retired employee. At death, previous insurance as an employee, still in suspension, is automatically reinstated (see 537.121), to assure that the amount paid is not less than it would have been had the individual not been reemployed.

537.174 **Withholdings**

If withholdings for optional insurance were made from the reemployed annuitant's pay and the period of reemployment was for *less than 1 year,* the OPM is notified when the reemployment terminates so that appropriate optional insurance withholdings are made from the annuity if withholdings were based on optional life insurance coverage retained from the employee's actual retirement.

537.2 Benefits

537.21 Amounts/Conditions

In the case of a reemployed annuitant, benefits are payable in the same amounts and under the same conditions as for other employees. If the amount of the reemployment acquired insurance benefit is more than the amount of suspended life insurance, the greater amount is paid. The total of all insurance benefits paid after death, accidental or otherwise, is not less than the amount that would have been paid had the retired employee not been reemployed. As needed, the amount of insurance suspended upon reemployment is reinstated automatically upon the employee's death in such amount as is necessary to make up the benefit payable.

537.22 Greater Amount Paid

If an annuitant is eligible to continue reemployed acquired life insurance after separation (see 537.17), the amount in force at time of the death is compared with the amount of any suspended life insurance at that time. The greater amount is paid as the death benefit.

Example 1:

Amount of Coverage: A reemployed annuitant has $12,000 of Basic Life Insurance as an employee and $12,000 accidental death and dismemberment insurance. The employee's suspended Basic Life Insurance is $11,000.

Death Benefit: The death benefit payable is $12,000. If death is accidental, the death benefit payment is $24,000.

Example 2:

Amount of Coverage: A reemployed annuitant has $10,000 of Basic Life Insurance as an employee and $10,000 accidental death and dismemberment insurance. The employee's suspended Basic Life Insurance is $11,000.

Death Benefit: $1,000 of the suspended benefit is reinstated, and $11,000 is paid in death benefits. If death is accidental, the death benefit payment is $20,000.

537.3 Designation of Beneficiary

537.31 Designation in Effect

A designation of beneficiary covers all insurance under the group policy. Any designation previously filed as a retired employee remains in effect until changed or cancelled.

537.32 Change of Beneficiary

537.321 Employee

A reemployed annuitant may designate a beneficiary or change or cancel a designation by executing SF 2823, *Designation of Beneficiary,* with the employing office.

537.322 Employing Office

A designation of beneficiary received by an employing office from a reemployed annuitant is not filed in the employee's OPF but rather sent, for central filing, with other retired employee designations to:

INSURANCE SERVICES BRANCH
RETIREMENT AND INSURANCE GROUP
OFFICE OF PERSONNEL MANAGEMENT
1900 E ST NW
WASHINGTON DC 20415-0001

Type "Reemployed Annuitant" and the CSA or CSI number on the designated form; enter the date and the name of the person in the employing office who received the form.

538 Beneficiaries, Benefits Payable, Claims

538.1 Beneficiaries

538.11 No Named Beneficiary

538.111 Order of Precedence

In the absence of SF 2823 or SF 54, insurance benefits payable upon the death of an insured employee or retired employee are paid to the survivors in the following order of precedence:

a. Widow or widower.

b. Child or children in equal shares with the share of any deceased child distributed in equal shares among the descendants of that child.

c. Parents in equal shares, or the entire amount to the surviving parent.

d. Executor or administrator of the estate.

e. Next of kin as determined under the laws of the state in which the insured was domiciled.

538.112 Option C — Family

Option C — Family insurance in force on a spouse or child on the date of the family member's death will be paid to the employee or former employee

whose pay, annuity, or compensation is subject to the withholding for Option C — Family insurance coverage. In the event payment is not made prior to the death of the employee or former employee, Option C — Family insurance payment will be made to the person(s) eligible for the payment of the employee's, or former employee's, Basic Life Insurance.

538.113 **Designating Trusts**

An insured individual may designate a person or institution as a trustee under the terms of a trust agreement to receive the proceeds of the life insurance benefit upon the insured's death. The designation must include, at a minimum, the name of the trust, if any, the date of the document, the name(s) of the person(s) who signed the document, and the name and address to contact to identify the trustee.

538.12 Specific Designation

538.121 **SF 2823**

An employee who desires an order of precedence different from listing in 538.111, or who desires to name some person, firm, or other legal entity not listed in 538.111, files SF 2823 with the employing office.

538.122 **Contingent Provisions**

Designations containing contingent provisions (such as "to John if he is living at home," or "to John if he uses the money for educational purposes") are not accepted by the employing office.

538.123 **Agency as Beneficiary**

An agency of the federal or District of Columbia government cannot be named as a beneficiary.

538.124 **Procedures for Filing**

The employing office:

a. Checks to determine that SF 2823 is properly signed, witnessed, and otherwise complete. (A witness is not eligible to receive payment as a beneficiary.)

b. Notes, in the space provided on SF 2823, the date that the form was received in the employing office, and the name of the person who received it.

c. Retains the original receipted SF 2823 and places it in the employee's official personnel folder. For exceptions, refer to 537.32.

d. Returns the duplicate copy of the receipted SF 2823 to the employee.

538.13 Employee Informed

538.131 **Previous Designation Invalid**

At the time that an employee becomes insured, the employing office informs the employee that any designation of beneficiary previously filed is no longer valid and that another SF 2823 must be filed if the employee wishes to name a beneficiary. The employee is also informed that filing a designation is advisable under the following circumstances:

a. An employee does not have and cannot easily obtain a certificate of marriage or evidence of death or divorce dissolving a prior marriage,

and the employee wishes the life insurance benefit to be paid to the current spouse.

b. A change in family status has occurred without a corresponding change in designation of beneficiary.

538.132 **Order of Precedence**

The employing office makes it clear to the employee that the insurance death benefit (basic and any optional) is paid in the order shown in 538.111 unless a designation of beneficiary is filed. The designation of beneficiary applies to both the basic and optional insurance unless otherwise indicated.

538.14 Change or Cancellation

Employees may cancel or change their designation of beneficiary at any time without the knowledge or the consent of any previous beneficiary.

538.15 Automatic Cancellation

Designation of Beneficiary is cancelled automatically:

a. On the day a retired employee's Civil Service annuity terminates unless the employee is entitled to continued insurance while receiving injury compensation benefits.

b. On the day an employee's injury compensation benefits terminate or the employee is held able to return to work unless the employee is entitled to continued insurance as a retired employee.

c. 31 days after the employee ceases to be insured.

538.16 Retiring Employee Designations

Any valid designation on file at the time insured employees retire remains valid as long as the retiring employees retain insurance as retired employees unless they change the designation or cancel it. If there is no designation on file, retiring employees are informed of their right to file SF 2823 with OPM.

538.17 Reemployed Annuitant

See 537.3.

538.18 Designation While Receiving OWCP Benefits

Any valid designation on file at the time insured employees apply for continued insurance coverage while receiving OWCP benefits and unable to return to duty, remains valid. The employees may change or cancel the designation as long as they retain insurance while receiving compensation and are unable to return to duty. If there is no designation on file, the employee is informed of the right to file SF 2823 with OPM.

538.2 Benefits Payable

538.21 Amount

The death benefit is payable regardless of the cause of death and is always the amount that the employee is insured for on the date death occurs. Employees cannot have more than one amount of basic (and optional) insurance in force on their life at any one time.

538.22 Accidental Dismemberment

538.221 Single Accident

If, as a result of a single accident, an employee sustains more than one of the losses cited in 532.215, no more than the amount for which the employee is insured is payable.

538.222 Multiple Accidents

There is no limitation on the number of times a benefit is payable for accidental losses resulting from different accidents.

Example: An employee is paid for the accidental loss of sight in one eye. Later, as a result of another accident, the employee loses both hands and is paid the full benefit for the second loss.

538.23 Accidental Death

Accidental death is death resulting from bodily injuries incurred solely through violent, external, and accidental means within 90 days after the date the accident occurred. The accidental death benefit is payable in addition to the regular death benefit. The amount payable is the amount that the employee is insured for on the date that the accident resulting in death occurs.

538.24 Accidental Dismemberment and Accidental Death

If, as a result of a single accident, both an accidental dismemberment benefit and an accidental death benefit become payable, the accidental death benefit is no more than the difference between the insurance in force and the amount already paid as a dismemberment benefit.

538.25 Death During Thirty-One-Day Extension of Group Life Insurance

For an employee who, after separation (but within the 31-day extension period during which group life insurance protection is extended), converts insurance and then dies, the benefit payable is the amount of group life insurance less any amount paid under the converted individual policy.

538.3 Claims

538.31 Death of Insured Employee

538.311 Contacting Persons Entitled to Benefits

Upon death or dismemberment of an insured employee, the employing office (a) contacts the persons entitled to benefits, (b) assists in filing the claim, and (c) determines that required forms and documents are properly completed and forwarded to OFEGLI.

538.312 SF 2821

Proper completion of SF 2821 includes the following:

a. Installation heads certify SF 2821, *Agency Certification of Insurance Status,* promptly and accurately. Particular attention is given to assuring that basic pay, as shown in Item 8, is accurate and does not contain temporary COLA, overtime pay, holiday pay, etc.

b. Upon death of an employee, the employing office is required to immediately prepare SF 2821. The duplicate copy is forwarded to the Retirement Branch, Eagan Accounting Service Center, for certification that the basic pay in Item 8 is correct. After proper certification, the

employing office will forward the certified copy to OFEGLI. The original copy of SF 2821 is to be forwarded to OFEGLI with FE 6, *Claim for Death Benefits (Federal Employees' Group Life Insurance),* and the death certificate. If no claim is filed, the original copy of SF 2821 is filed in the OPF. It will be forwarded to OFEGLI only upon request.

538.32 Death of Reemployed Annuitant

538.321 Addressing Claims

If an insured reemployed annuitant dies during the period of reemployment, the claim for death benefits is filed through the:

INSURANCE SERVICES BRANCH
RETIREMENT AND INSURANCE GROUP
OFFICE OF PERSONNEL MANAGEMENT
1900 E ST NW
WASHINGTON DC 20415-0001

and not directly with the OFEGLI. A claim from a reemployed annuitant for accidental dismemberment benefits is sent directly to the OFEGLI in New York.

538.322 SF 2821

In completing SF 2821:

a. Employing offices (1) show annual basic pay for insurance purposes (not reduced by annuity allocable to the period of reemployment), (2) enter the words "Reemployed Annuitant", and (3) enter the CSA or CSI number under the deceased person's name.

b. Installation heads (or designees) certify each SF 2821 for accuracy and assure that annual basic pay in Item 8 is correct, and excludes temporary COLA, overtime pay, holiday pay, etc.

538.33 Requirements for Filing

Benefits are payable only upon submission of:

a. A claim (FE 6, FE 6-Dep, or FE 7), and

b. Satisfactory proof of loss (death certificate, physician's statement, or similar proof), and

c. A completed SF 2821, *Agency Certification of Insurance Status,* by the employing office.

538.34 Forms Used

538.341 Death Benefits

Claims for death benefits, including accidental death, are filed on Form FE 6, *Claim for Death Benefits.* Claims for benefits in the death of an insured family member are filed on FE 6-Dep, *Statement of Claim.*

538.342 Accidental Dismemberment

Claims for accidental dismemberment are filed on Form FE 7, *Claim for Accidental Dismemberment.* Form FE 7 is not supplied in quantity by OPM, but only by individual request on an as-needed basis. The form is not available from the material distribution center. All requests should be made to:

OFFICE OF FEDERAL EMPLOYEES' GROUP LIFE INSURANCE
200 PARK AVENUE
NEW YORK NY 10166-0188

538.35 Time Limits for Filing Accidental Death or Dismemberment Claims

In cases of accidental death or dismemberment, a written notice is sent to OFEGLI within 20 days of the accident. A claim for accidental death or dismemberment benefits, with proof of loss, is submitted within 90 days. If it is not possible to give the required notice and to file claim within the time periods specified, the notice and claims are submitted as soon as reasonably possible, together with satisfactory explanation for the delay.

538.36 Settlement

Claims for benefits are adjudicated and paid by OFEGLI. The claimant may elect payment of benefits in:

a. Lump-sum payment, or

b. Monthly or annual installments.

539 Insurance Forms

539.1 Filing

539.11 SF 2817, Life Insurance Election (FEGLI)

File *PART 1* of SF 2817 in the employee's OPF and destroy *PART 2* after personnel action has been processed and verified. *PART 3* is the employee's copy.

539.12 SF 2821, Agency Certification of Insurance Status

File 1 copy *(PART 3)*. The original *(PART 1)* is forwarded either to OPM or OFEGLI depending upon the type of employee separation. If the employee is not eligible to continue coverage, the original *(PART 1)* and duplicate *(PART 2)* are given to the employee.

539.13 SF 2823, Designation of Beneficiary

File the original and give the employee a duplicate. All prior designations are retained in employee's OPF. Upon the employee's retirement, all SF 2823 and SF 54 forms are removed from the official personnel folder and forwarded to OPM.

539.14 SF 2822, Request for Insurance

Notify the employee of OFEGLI's decision and file the form returned by the OFEGLI (SF 2822) in the employee's official personnel folder.

539.2 Privacy Act Considerations

539.21 Handling and Disclosing Information

Life insurance records contain information about individuals. As such, they are handled and disclosed only in accordance with the Privacy Act and implementing instructions.

539.22 Records Maintenance

An individual's life insurance records and related correspondence are maintained within the Postal Service in one of two ways: either in the personnel area as part of the privacy system entitled USPS 120.070, Personnel Records — General Personnel Folders (Official Personnel Folders and Records Related Thereto) or in the Eagan ASC as part of the privacy system entitled USPS 050.020, Finance Records — Payroll System. Employees making formal privacy requests specifically for access to or update of these records direct their requests to the head of the installation where employed. Retired employees direct their requests to OPM.

539.23 Employee Retires

When an employee retires, copies of life insurance records are sent to OPM. Retired employees making privacy requests specifically for OPM records direct their requests to the:

RETIREMENT OPERATIONS CENTER
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 45
BOYERS PA 16017-0045

540 Injury Compensation Program

541 Overview

541.1 Background

541.11 Law

Under the provisions of the Postal Reorganization Act, 39 U.S.C. 1005 (c), all employees of the United States Postal Service are covered by the Federal Employees' Compensation Act (FECA), 5 U.S.C. 81.

541.12 Administration

FECA is administered by the Office of Workers' Compensation Programs (OWCP), United States Department of Labor. OWCP determines whether the employee, or a survivor of the employee, is entitled to benefits under FECA. The director of OWCP and his or her designees have the exclusive authority to administer, interpret, and enforce the provisions of the Act.

541.13 Coverage

541.131 Disability

FECA provides that employees who suffer job-related disabilities are entitled to:

a. Continuation of pay (COP) for the period of the disability, up to a maximum of 45 calendar days, for a traumatic job-related injury (see 541.2d).

b. Compensation for wages lost as a result of job-related injury or disease or illness.

c. Medical care for disability due to:

(1) Personal injuries sustained while in the performance of duty.

(2) Diseases proximately caused, aggravated, or accelerated by postal employment.

d. Vocational rehabilitation.

541.132 **Death**

FECA provides for payment of monetary compensation to specified survivors of an employee whose death results from a work-related injury or occupational disease or illness and payment of certain burial expenses subject to the provisions of 5 U.S.C. 8134.

541.133 **Schedule Awards**

Compensation is provided for the permanent loss, or loss of use, of each of certain members, organs, and functions of the body.

541.14 Privacy Act

Injury compensation records are maintained by the Postal Service within the privacy system of records identified as USPS 120.098 (*OWCP Record Copies*).

541.2 Definitions

Except where the content clearly indicates otherwise, the following definitions apply:

a. *Benefits* or *compensation* — any of the following:

(1) Money paid to claimants by OWCP because of loss of wages or earning ability.

(2) Money paid in the form of schedule awards (e.g., loss of finger).

(3) Money paid as reimbursement for medical diagnostic and treatment services supplied under FECA.

(4) Money paid as reimbursement for the replacement or repair of medical braces, artificial limbs, and other prosthetic devices, and for time lost while such devices or appliances are being replaced or repaired. However, a claim is not appropriate for the replacement or repair of eyeglasses and hearing aids except as provided in 541.2h.

(5) Money paid to specified survivors of employees whose death is job-related.

(6) Certain payments to individuals who are participating in an approved vocational rehabilitation program.

b. *Claim* — an assertion, in writing, of an individual's entitlement to benefits under FECA. This claim must be submitted on a form as required by 542. A claim may be filed for a traumatic injury, an occupational disease or illness, or death.

c. *Claimant* — an individual whose claim for benefits and/or compensation has been filed in accordance with FECA and the provisions of 542.

d. *Continuation of pay (COP)* — continuation of the employee's regular pay for a period of 45 calendar days. The first COP day is the first day disability begins following the date of injury (except where the injury occurs before the beginning of the work day or shift, in which case the date of injury is charged to COP). COP can be received only if the disability begins within 45 days of the date of the injury or within 45 days from the date the employee first returns to work following the initial period of disability. Examples are as follows:

(1) If an employee is called in ahead of the employee's scheduled tour, is injured during the call-in period, and is unable to continue to work due to the injury, the 45-calendar-day period begins at the start of the scheduled tour.

(2) If an employee is injured during the scheduled tour and is unable to work due to the injury, the 45-calendar-day period begins on the next calendar day.

(3) If an employee works only a portion of a day or tour (other than the day or tour when the injury occurred), that day or tour is counted as 1 calendar day toward the 45-day period.

e. *Control office* — a unit staffed with an Injury Compensation manager and human resources specialists responsible for injury compensation program administration.

f. *Control officer* — the Injury Compensation manager who heads the control office and manages the administration of the injury compensation program within a performance cluster.

g. *Control point* — an individual who is designated by the district manager and/or installation head to coordinate claim management activity with the control office and is one of the following:

(1) A human resources specialist if an injury compensation unit is available and staffed.

(2) The postal physician or occupational health nurse administrator if an occupational health services office is available and staffed.

(3) An appropriate designated supervisor (full-time or collateral duty).

h. *Injury* — a traumatic injury (see 541.2r) or an occupational disease or illness (see 541.2j), including damage to or destruction of medical braces, artificial limbs, and other prosthetic devices. The term does not include the damage or destruction of eyeglasses and hearing aids, unless the damage or destruction is a direct result of a personal job-related injury requiring medical services.

i. *Monthly pay* — the greatest of the following:

(1) Monthly pay at the time of injury.

(2) Monthly pay at the time disability begins.

(3) Monthly pay at the time compensable disability recurs if the recurrence begins more than 6 months after the injured employee resumes full-time employment with the Postal Service or other government agency.

j. *Occupational disease or illness* — an illness or disease produced by one of the following:

(1) Systemic infections.

(2) Continued or repeated stress or strain.

(3) Exposure to toxins, poisons, fumes, etc.

(4) Other continued and repeated exposure to conditions of the work environment over a longer period of time than a single day or work shift.

k. *Occupational health nurse administrator* — a career postal or contract occupational health nurse who, at the district level, is responsible for the oversight and management of the medical and occupational health services.

l. *Official supervisor* — an individual who is responsible for the supervision, direction, or management of employees.

m. *Physician* — any surgeon, podiatrist, dentist, clinical psychologist, optometrist, chiropractor, or osteopathic practitioner used within the scope of his or her practice as defined by state law. Exceptions are as follows:

(1) Chiropractors are included only to the extent that their reimbursable services are limited to treatment to correct a spinal subluxation as demonstrated by X ray to exist.

Note: "Subluxation as demonstrated by X ray to exist" must appear in the chiropractor's report for OWCP to consider payment of a chiropractor's bill. Also, a chiropractor may provide physical therapy under the direction of a physician.

(2) Clinical psychologists serve as physicians within the scope of practice as defined by state law. Unless the state law allows clinical psychologists to treat physical conditions, a clinical psychologist may not serve as a physician when a condition includes a physical component.

(3) *Naturopaths, faith healers, and other practitioners of the healing arts* are not recognized as physicians within the meaning of FECA.

n. *OWCP* — the Office of Workers' Compensation Programs, Employment Standards Administration, of the Department of Labor.

o. *Postal physician* — a Postal Service physician, medical designee, or contract physician.

p. *Recurrence of disability* — an employee's inability to work, after return to work, that is caused by a spontaneous change in the employee's medical condition and is related to a previous injury or illness without intervening injury or new exposure.

q. *Recurrence of medical condition* — a documented need for further medical treatment after release from treatment for the accepted condition or injury when there is no work stoppage.

r. *Traumatic injury* — a condition of the body caused by external force, including stress or strain. The injury:

(1) Must be identifiable as to time and place of occurrence and member or function of the body affected.

(2) Must be caused by a specific event or incident, or series of events or incidents, within a single day or work shift.

541.3 Forms

Each installation head must maintain an adequate supply of the following basic forms, which are needed for recording and reporting injuries:

Form	Title
CA-1	Federal Employee's Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation
CA-2	Notice of Occupational Disease and Claim for Compensation
CA-2a	Notice of Federal Employee's Recurrence of Disability and Claim for Pay/Compensation
CA-5	Claim for Compensation by Widow, Widower, and/or Children
CA-5b	Claim for Compensation by Parents, Brothers, Sisters, Grandparents, or Grandchildren
CA-6	U.S. Department of Labor Official Superior's Report of Employee's Death
CA-7/20	Claim for Compensation on Account of Traumatic Injury or Occupational Disease/Attending Physician's Report
CA-7a	Time Analysis Form
CA-7b	Leave Buy-Back Worksheet/Certification Form
CA-10	What a Federal Employee Should Do When Injured at Work
CA-11	When Injured at Work, Information Guide for Federal Employees
CA-16	Authorization for Examination and/or Treatment
CA-17	Duty Status Report
CA-35A	Evidence Required in Support of a Claim for Occupational Disease
CA-35B	Evidence Required in Support of a Claim for Work-Related Hearing Loss
CA-35C	Evidence Required in Support of a Claim for Asbestos-Related Illness
CA-35D	Evidence Required in Support of a Claim for Work-Related Coronary/Vascular Condition
CA-35E	Evidence Required in Support of a Claim for Work-Related Skin Disease
CA-35F	Evidence Required in Support of a Claim for Work-Related Pulmonary Illness (not asbestosis)
CA-35G	Evidence Required in Support of a Claim for Work-Related Psychiatric Illness
CA-35H	Evidence Required in Support of a Claim for Carpal Tunnel Syndrome
CA-915	Claimant Medical Reimbursement Form
HCFA-1500	Health Insurance Claim Form
PUB 71	Notice for Employees Requesting Leave for Conditions Covered by Family and Medical Leave Policies

Form	Title
PS 2488	Authorization for Medical Report
PS 2491	Medical Report — First Aid Injuries
PS 2556	Third Party Statement of Recovery
PS 2557	Employee's Third Party Recovery Statement
PS 2559	Third Party Claim — Information Request
PS 2560	Referral of Third Party Material
PS 2562	Injury Compensation Program — Notice of Potential Third Party Claim
PS 2573	Request — OWCP Claim Status
PS 2577	Assignment of Claim to the Postal Service

542 FECA Claim Requirements

542.1 Employee Claims for Injury or Illness

542.11 Traumatic Injury

542.111 Notice

The notice of traumatic injury is given on Form CA-1.

542.112 Time Limit

FECA requires that written notice of a traumatic injury be given by the employee, or person acting on behalf of the employee, within 3 years of the injury. However, failure to give notice on Form CA-1 within 30 calendar days from the date the injury occurred will result in a loss of entitlement to COP and may also result in a loss of compensation rights if the claim for compensation is not filed within 3 years. In order to protect their own interests and to ensure an uninterrupted income, employees should give notice or have someone give notice on their behalf, immediately after the traumatic injury occurs.

542.12 Occupational Disease or Illness

542.121 Notice

The notice of occupational disease or illness is given on Form CA-2.

542.122 Time Limit

FECA specifies that notice be given by the employee, or person acting on behalf of the employee, within 3 years of the onset of the condition. In cases of latent disability, the time for filing the claim does not begin to run until the employee has a compensable disability and is aware, or reasonably should be aware of the causal relationship between the disability and the employment. Failure to give notice within this time period may result in a loss of compensation rights. If the claim is not filed within 3 years, compensation may still be allowed if notice of injury was given within 30 days or the employer had actual knowledge of the injury or death within 30 days after occurrence. This knowledge may be evidenced by written records or verbal notification.

Note: Continuation of regular pay is not applicable in instances of occupational disease or illness.

542.13 Recurrence

542.131 Notice

The notice of recurrence is given on Form CA-2a.

542.132 Time Limit

A specific time limit for giving the notice of recurrence is not specified by FECA. The recurrence should be reported by the employee if it causes the employee to lose time from work and incur a wage loss or if the employee experiences a renewed need for treatment after previously being released from care.

542.14 Survivor Claim for Death Benefits

542.141 Claim

A claim for compensation benefits by a survivor of an employee whose death was related to a job-related injury or illness is made on Form CA-5 or Form CA-5b by the survivors or person acting on behalf of the survivors. The form is given to the control office. The survivors may also submit the completed Form CA-5 or CA-5b directly to OWCP.

542.142 Time Limit

A claim for death benefits must be filed within 3 years of the death. The filing of a notice of injury or occupational disease will satisfy the time requirements for a death claim as a result of the same injury or disease. In the case of death due to latent disability, the time for filing does not begin until the survivors are aware, or reasonably should be aware, of the causal relationship between the death and factors of the employee's postal employment.

542.2 Evidence Required

542.21 General

Forms CA-1, CA-2, CA-2a, CA-5, and CA-5b describe the evidence required. The evidence submitted must be reliable, probative, and substantial. The employee is responsible for establishing that five requirements have been met for a claim to be accepted. The five requirements are:

a. The claim was filed within the time limits specified by FECA.

b. The injured person was, at the time of injury, an employee of the United States as defined in 5 U.S.C. 8101.

c. The fact that an injury, disease, or death occurred.

d. The injury, disease, or death occurred while the employee was in the performance of duty.

e. The medical condition for which benefits are claimed is causally related to the claimed injury, disease, or death.

542.22 Medical Reports

The employee is responsible for submitting a medical report from the attending physician. (See 545.5 and 545.51 for requirements of medical reports and rules governing submission to OWCP.)

542.23 Disability

The employee must submit medical evidence to substantiate any claimed disability.

In COP cases, the employee must ensure the following:

a. That medical evidence supporting disability resulting from the claimed traumatic injury, including a statement as to when the employee can return to his or her date-of-injury job, is provided to the control office or control point within 10 calendar days after the claim for COP is filed.

b. That the treating physician specifies work limitations and provides them to the control office or control point and representatives of OWCP.

542.3 Penalties

542.31 Penalty for False Statement

Any employee, supervisor, or representative who knowingly makes a false statement with respect to a claim under FECA may be subject to a fine of not more than $10,000 or 5 years in prison, or both.

542.32 Penalty for False Claim

Any employee, supervisor, or representative who, with respect to a claim under FECA, enters into any agreement to obtain the payment or allowance of any false or fraudulent claim may be subject to a fine of not more than $10,000 or 10 years in prison, or both.

542.33 Penalty for Refusal to Process Claim

Any employee or supervisor responsible for making reports in connection with an injury who willfully fails, neglects, or refuses to do so; induces, compels, or directs an injured employee to forego filing a claim; or willfully retains any notice, report, or paper required in connection with an injury may be subject to a fine of not more than $500 or 1 year in prison, or both.

542.34 Loss of Benefits for Beneficiary Who Defrauds the Government

A beneficiary who pleads guilty or is found guilty of federal or state criminal charges of defrauding the federal government in connection with a claim for benefits is barred from entitlement to all future benefits for any injury occurring on or before the date of guilty plea or verdict. The effective date of termination of benefits is the date the guilty plea is accepted or the date a verdict of guilty is found after trial.

543 Employee Rights

543.1 Waiver of Compensation Rights

No employer or other person may require an employee or other claimant to enter into any agreement, either before or after an injury or death, to waive his or her right to claim compensation under FECA. No waiver of compensation rights shall be valid.

543.2 Withdrawal of Claim

An employee may withdraw his or her claim (but not the notice of injury) by so requesting in writing to OWCP at any time before OWCP determines eligibility for benefits. Any COP granted to an employee after a claim is withdrawn must be charged to sick or annual leave or considered an overpayment of pay at the employee's option.

543.3 Medical Care

FECA guarantees the employee the right to an initial choice of physician. The employee is entitled to receive all medical services, appliances, or supplies that a qualified physician prescribes and OWCP determines necessary to treat the injury. For continued payment of medical expenses by OWCP, a change of the employee's initial choice of physician is permitted only with OWCP approval. Referrals for further examination, testing, or medical care by the physician designated on the Form CA-16 are covered. (See 545.4 for implementing medical care.)

543.4 Continuation of Regular Pay or Leave for Disabling Injuries

If the injury is disabling, an eligible employee may elect to have regular pay continued for up to 45 calendar days or to use annual leave or sick leave. (See 545.72 for explanation of eligibility for COP.)

543.41 Continuation of Regular Pay

For most employees who sustain a traumatic injury, FECA provides that the employer must continue the employee's regular pay during any periods of resulting disability up to a maximum of 45 calendar days (see 545.72 for explanation of eligibility for COP). Such pay is subject to taxes and all other usual payroll deductions. If an employee elects COP and the claim is subsequently denied, any COP granted to the employee must be charged to sick or annual leave or considered an overpayment of pay at the employee's option (see 437).

543.42 Sick or Annual Leave

The following provisions apply:

a. The use of annual or sick leave does not extend the 45-calendar-day COP period, which begins with the first period of time lost after the day or shift of injury.

b. Leave is limited to the amount that the employee has accrued.

c. An employee may subsequently request COP in lieu of previously requested sick and/or annual leave, subject to leave carryover provisions. However, such a request must be made within 1 year of the date that leave is used, or within 1 year of the date OWCP approves the claim, whichever is later.

d. An employee who elects to use sick or annual leave during the 45-day period in which COP is available is not entitled to buy back that leave with later compensation payments.

e. Pay that is attributable to the leave period is subject to taxes and other usual payroll deductions.

f. An employee may use sick or annual leave after the COP period expires or during a period of disability due to an occupational disease or illness. In such cases, the employee may be entitled to buy back the leave with compensation payments (see 512.923 and 545.84). The buy-back must be initiated within 1 year of the return, or within 1 year of the date OWCP approves the claim, whichever is later. Only employees who are on the rolls of the Postal Service may buy back leave.

544 Reporting Procedures

544.1 Responsibilities

544.11 Immediate Supervisor Responsibility

544.111 General

When a notice of traumatic injury or occupational disease is filed, the immediate supervisor is responsible for doing the following:

a. Immediately ensuring that appropriate medical care is provided.

b. Providing the employee a Form CA-1 or a Form CA-2.

c. Completing the receipt attached to Form CA-1 or CA-2 and giving the receipt to the employee or the employee's representative.

d. Investigating all reported job-related injuries and/or illnesses.

e. Immediately notifying the control office or control point of an injury, disease, or illness.

f. Prompt completion and forwarding of Form CA-1 or CA-2 to the control office or control point on the same day it is received from the employee.

544.112 Traumatic Injuries

In case of a traumatic injury, the supervisor must advise the employee of the following:

a. The right to select a physician of choice.

b. If the injury is disabling, the right to either of the following:

(1) To elect COP for up to 45 calendar days.

(2) To use annual or sick leave. An employee may subsequently request COP (subject to leave carryover provisions) in lieu of previously requested sick and/or annual leave, but such a request must be made within 1 year of the date the leave was used, or within 1 year of the date of OWCP's approval of the claim, whichever is later.

544.12 Control Office or Control Point Responsibility

The control office or control point is responsible for completing Forms CA-16 and CA-17 (see 545.21 and 545.53). Control office and control point supervisors are responsible for reviewing all claims for accuracy and completeness and for forwarding claims and related documents to OWCP within prescribed FECA time frames. Control points at major postal installations may be given authority by the control office to manage and submit claims directly to OWCP. The control office or control point must

advise the employee whether COP will be controverted and whether pay will be interrupted. The control office must provide the employee a copy of the completed CA-1 or CA-2 and all correspondence between the Postal Service and the treating physician.

544.2 Criteria and Time Limits

544.21 Traumatic Injury and Occupational Disease or Illness

544.211 Report Criteria

Completed forms are sent to OWCP when the injury or disease is likely to result in any of the following:

a. A medical charge against OWCP.

b. Disability for work or assignment to limited duty beyond the day or shift the injury occurs.

c. The need for more than two appointments for medical examination and/or treatment on separate days resulting in time lost from work.

d. Future disability.

e. Permanent impairment.

f. Continuation of pay.

Exception: If none of the above conditions is evident, Form CA-1 or Form CA-2 must be filed in the employee's medical folder instead of being sent to OWCP.

544.212 Time Limit

The control office or control point submits to the appropriate OWCP district office within 10 working days after it is received from the employee:

a. Completed Form CA-1 or Form CA-2.

b. Any other information or documents that have some bearing on the claim.

544.22 Recurrence of Injury

544.221 Report Criteria

A recurrence should be reported on Form CA-2a if it causes the employee to lose time from work and incur a wage loss, or if the employee experiences a renewed need for treatment after previously being released from care.

544.222 Time Limit

The notice of recurrence should be submitted promptly to OWCP.

544.23 Death

544.231 Report Criteria

The notice of death is given on Form CA-6.

The control office must furnish Form CA-5 and/or Form CA-5b to all survivors who may have entitlement to compensation for death of an employee.

544.232 Time Limit

The control office immediately reports the death to OWCP by telephone call, telegram, facsimile (fax), or electronic mail. As soon as possible, but no later than 10 working days after receipt of knowledge of death, the reporting

official completes and sends to OWCP a Form CA-6. Form CA-5 and Form CA-5b must be promptly forwarded to OWCP upon receipt.

544.24 PCES Claims

A copy of any forms and correspondence related to claims that are submitted by PCES executives must be sent to the manager of Corporate Personnel Management at Headquarters.

545 Control Office or Control Point Claim Management Responsibility

545.1 General

545.11 Claim Management Relationships

Injury compensation claims must always be managed by control offices at management levels above that of the injured employee.

Designated control office and control point claim management relationships are as follows:

Employee	Control Office or Control Point Level
Craft supervisor	Installation or district
Postmaster (associate office)	District
PCES postmaster; district or plant manager; district Safety and Health manager; and all full-time and collateral injury compensation personnel	Area injury compensation analyst
Area vice president; area Human Resources manager; and area injury compensation analyst	Headquarters

545.12 Establishing Control Office and Control Points

The district manager establishes a control office to handle injury compensation program administration.

At installations where there is no injury compensation control office, the district manager or installation head designates an appropriate control point individuals responsible for coordination of injury compensation activities with the injury compensation control office. (See 541.2g for instructions on designating a control point.)

Control offices ensure that control point personnel are properly trained to review cases. Control point personnel must not, under any circumstances or for any reason, delay timely submission of reports or claim forms to the control office. Human resources specialists serving as control points at major installations may be given authority by the control office to manage and submit claims directly to OWCP.

545.2 Authorizing Examination and/or Treatment With Form CA-16

545.21 Traumatic Injury

When an employee sustains a work-related traumatic injury that requires medical examination, medical treatment, or both, the control office or control point must authorize such examination and/or treatment by issuing a Form CA-16. Form CA-16 is used for all traumatic injuries requiring medical attention. The control office or control point must advise the employee of the right to an initial choice of physician (see 543.3). The control office or control point must promptly authorize medical treatment by issuing the employee a properly executed Form CA-16 within 4 hours of the claimed injury. If the control office or control point gives verbal authorization for care, Form CA-16 should be issued within 48 hours. The control office or control point is not required to issue a Form CA-16 more than one week after the occurrence of the claimed injury.

Exception: Issuance of Form CA-16 is not required for job-related first aid injuries where initial medical care is provided by either a postal physician or a contract physician and the employee voluntarily accepts this care (see 545.43).

545.22 Occupational Disease or Illness

In cases of occupational disease or illness, the control office or control point contacts OWCP district office for instructions if treatment authorization is requested by the employee.

545.23 Exposure to Workplace Hazards

Simple exposure to a workplace hazard, such as an infectious agent, does not necessarily constitute a work-related injury entitling an employee to medical treatment under FECA. The control office or control point should not use a Form CA-16 to authorize medical testing for an employee who has merely been exposed to a workplace hazard unless the employee has sustained an identifiable injury or medical condition as a result of that exposure.

545.24 Preventive Treatment

FECA does not authorize payment for preventive measures such as vaccines and inoculations. However, OWCP can authorize treatment for the following conditions:

a. Complications from preventive measures that are provided or sponsored by the agency, such as an adverse reaction to prophylactic immunization.

b. Actual or probable exposure to a known contaminant due to an injury, thereby requiring disease-specific measures against infection. Examples include the provision of tetanus antitoxin or booster toxoid injections for puncture wounds; administration of rabies vaccine for a bite from a rabid or potentially rabid animal; or appropriate measures where exposure to human immunodeficiency virus (HIV) has occurred.

c. Conversion of tuberculin reaction from negative to positive following exposure to tuberculosis in the performance of duty. In this situation, the appropriate therapy may be authorized.

d. Where injury to one eye has resulted in loss of vision, periodic examination of the uninjured eye to detect possible sympathetic involvement of the uninjured eye at an early stage.

545.3 Return to Work Responsibility

545.31 Control Office or Control Point Responsibility

Upon authorization of medical care, the control office or control point advises the employee, in writing, of the obligation to return to work as soon as possible. The term *return to work* refers to work in the employee's bid assignment or work in other locations and positions. Notification to the employee must include the following:

a. If a specific alternative position is available, the control office or control point must advise the employee in writing of the specific duties and physical requirements of the position.

b. If no specific alternative position is necessary, the control office or control point should advise the employee of any change the agency can make to the employee's permanent assignment to accommodate the employee's limitations due to the injury.

545.32 Suitable Work

To be considered suitable by OWCP, the job offer must include the following:

a. A description of the duties of the position.

b. A description of the specific physical requirements of the position and any special demands of the workload or unusual working conditions.

c. The organizational and geographical location of the job.

d. The effective date of the position.

e. The date the employee must accept or refuse the job offer.

f. Pay rate information for the offered position.

The job offer may be made verbally, as long as a written job offer is provided to the employee within 2 business days of the verbal job offer.

545.33 Employee Responsibility

The employee is responsible for the following:

a. Ensuring that the treating physician specifies work limitations and provides them to the control office or control point.

b. Providing the treating physician with a description of any specific alternative positions offered.

c. Ensuring a prompt response from the treating physician with an opinion on whether and how soon the employee can be expected to return to work in any capacity, either an offered position or offered modified duties.

d. Seeking and accepting suitable work.

545.4 Implementing Medical Care

545.41 Emergency Treatment

An employee needing emergency treatment must be sent to the nearest available physician or hospital or to a physician or hospital chosen by the employee or the employee's representative. The physician who provides emergency treatment is not considered the employee's initial choice of physician.

A supervisor may accompany the employee to the doctor's office or hospital to make certain that the employee receives prompt medical treatment.

Animal bites or eye injuries are always considered medical emergencies. In the event that there is doubt as to the emergent nature of the injury, it should be handled as an emergency.

545.42 Initial Medical Examination and/or Treatment

Initial medical examination and/or treatment must be authorized in accordance with FECA provisions and applicable OWCP regulations and policies governing medical care. (See 545.2 for control office or control point instructions on authorizing medical examination or treatment.)

545.43 Postal Physician or Contract Equivalent

A postal physician or contract equivalent may provide initial medical treatment not to exceed two office visits if:

a. The employee accepts such treatment.

b. Treatment complies with Handbook EL-806, *Health and Medical Service,* and with OWCP regulations and directives.

545.44 Outside Treatment in a Nonemergency Situation

In a nonemergency situation, if an employee does not accept treatment at a Postal Service occupational health services office or contract facility, the employee may select a physician or hospital within approximately 25 miles of his or her home or worksite. The physician's office should be contacted by telephone by the control office or control point to determine if the physician is available and will accept the employee for treatment under FECA. If not, the employee must select another qualified physician or hospital.

A postal supervisor is not authorized to accompany the employee to a medical facility or physician's office in nonemergency situations.

Although the injured employee selects an outside physician for initial medical treatment, in nonemergency situations he or she may be required first to be examined by a postal physician or contract equivalent. In such instances:

a. The examination must be performed promptly following the report of injury.

b. Form CA-16, *Authorization for Examination and/or Treatment,* must be issued to the employee's physician of choice promptly following the report of injury, as specified in 545.2.

c. The examination must in no way interfere with the employee's right to seek prompt examination and/or treatment from a physician of choice.

545.45 Continuing Treatment With Postal Service or Contract Physician

If treatment with a contract physician will exceed two visits, the employee may continue treatment with a postal or contract physician provided the employee designates that person as his or her physician of choice.

Form CA-16, *Authorization for Examination and/or Treatment,* must be completed in accordance with 545.2.

545.5 Monitoring the Employee's Medical Care

In all cases reported to OWCP, a medical report from the attending physician is required. The report should bear the physician's signature or signature stamp. OWCP may require an original signature on the report. The employee's treating physician or hospital must, as soon as possible after medical examination or treatment is received, submit a report indicating the extent of disability affecting the employee's ability to work due to the injury. Use of OWCP medical report forms is not required. Form CA-16 may be used for the initial medical report, and Form CA-20 may be used for the initial report and for subsequent reports. The report may also be made in narrative form on the physician's letterhead stationery. The report must be submitted directly to OWCP by the physician or the employee. The control office or control point may request a copy of the report from OWCP or the physician.

In claims involving COP, medical evidence supporting disability resulting from a claimed traumatic injury, including a statement as to when the employee can return to his or her date-of-injury job, must be provided to the control office or control point within 10 calendar days after the employee files the claim. (See 545.724 for COP entitlement.) PS Form 2488, *Authorization for Medical Report,* may be used to obtain release of a medical report from the attending physician.

545.51 Medical Report Requirements

The medical report should include:

a. Dates of examination and treatment.

b. History given by the employee.

c. Physical findings.

d. Results of diagnostic tests (MRI, CAT scans, etc.).

e. Diagnosis.

f. Course of treatment.

g. A description of any other conditions found but not due to the claimed injury.

h. The treatment given or recommended for the claimed injury.

i. The physician's opinion, with medical reasons, as to causal relationship between the diagnosed conditions and the factors or conditions of the employment.

j. The extent of disability affecting the employee's ability to work due to the injury.

k. The prognosis for recovery.

l. All other material findings.

545.52 Determining Return to Work Capability

The control office or control point must monitor the employee's medical progress and determine return to work capability by obtaining periodic medical reports. Form CA-17 may be used for this purpose. This form:

a. Enables the Postal Service to provide the attending physician of an employee injured on duty with a brief summary of that employee's normal work duties.

b. Provides a checklist of physical requirements to permit the attending physician to indicate to the Postal Service what types of duties an injured employee may safely perform, and with what limitations. The control office or control point completes Part A of Form CA-17 before it is issued to the attending physician for completion. Particular attention should be given to Item 7, Description of Regular Work.

c. Is used to facilitate an injured employee's return to suitable employment.

To aid in returning an injured employee to suitable employment, the control office or control point may also contact the employee's physician in writing concerning the work limitations imposed by the effects of the injury and possible job assignments. However, FECA prohibits contacting the physician by telephone or through a personal visit except for administrative purposes such as determining whether a fax has been received or ascertaining the date of a medical appointment. A copy of all written correspondence to the employee's physician and any response received must be sent to the OWCP and the employee. The employee may be contacted at reasonable intervals to request periodic medical reports concerning return to work potential.

545.53 Review of Medical Treatment

Postal Service personnel must not interfere with the medical care prescribed by the employee's attending physician. Questions concerning the duration or type of medical treatment may be referred to the postal physician, occupational health nurse administrator, or contract physician for review.

If the employee's treating physician or hospital is unable to predict an employee's work capacity on either a short-term or long-term basis, the control office or control point may request information from OWCP. If the OWCP response does not explain the situation, a fitness-for-duty examination may be recommended to the installation head, Human Resources manager, or designee as provided in 545.61.

The Injury Compensation manager or authorized control office or control point personnel must refer to OWCP on a case-by-case basis, recommendations and supporting documentation regarding:

a. Change of the treating physician.

b. Use of a medical consultant or specialist by OWCP to clarify medical opinion and/or resolve a material difference in medical opinion.

c. Employee's achievement of maximum medical improvement.

d. Employee's fitness for full or limited duty.

Any disagreement or delay regarding the recommendations or proposals made to OWCP may be brought to the attention of OWCP district director through the area human resources analyst for injury compensation.

545.6 Fitness-for-Duty Examinations

545.61 General

The fact that an injured or ill employee is scheduled for a series of treatments or appointments with a physician or hospital does not, by itself, establish that the employee is not fit for duty in the interim. Control office or control point personnel may recommend to the installation head, Human Resources manager or designee at any time, upon medical justification, that any employee being treated by a physician or hospital be required to undergo a fitness-for-duty examination. An installation head, Human Resources manager, or designee is authorized to approve a fitness-for-duty examination.

545.62 Fitness-for-Duty Procedures

The following procedures apply only to fitness-for-duty determinations relative to an on-the-job injury or illness. Fitness-for-duty determinations for other purposes are not covered by this instruction.

A fitness-for-duty examination is not limited to the employee's regular duties, but should be based on whether the employing installation has any alternative duties available that the employee may safely perform.

A fitness-for-duty examination may include the parts of the anatomy being treated provided the examination in no way disturbs or interferes with the treatment regimen.

545.63 Fitness-for-Duty Results

The results of this examination must be brought to the attention of the OWCP district office for consideration.

545.64 Difference in Medical Opinion

If the results of the fitness-for-duty examination disagree with the findings of the attending physician, and the disagreement cannot be resolved with the attending physician, the matter, along with justification for the Postal Service's position, is referred by the control office or control point to OWCP for resolution. No administrative action may be taken to change the employee's compensation or employment status until the medical issue is settled by OWCP.

545.7 Continuation of Pay by the Postal Service

545.71 General

FECA provides that the employer must continue regular pay during periods of disability up to a maximum of 45 calendar days for eligible employees who sustain traumatic injuries. Employees are not required to use their own sick or annual leave, unless the provisions of 545.73 or 545.74 apply.

545.72 Eligibility

545.721 Initial Disability for a Traumatic Injury

To be eligible for COP, an employee must:

a. Have a traumatic injury.

b. File Form CA-1 within 30 days of the date of the injury and elect COP.

c. Begin losing time from work within 45 days of the injury.

545.722 Recurrence of Disability

In recurrence of disability cases, an employee is eligible for any balance of the 45 days of entitlement to COP not used during prior periods of disability provided that:

a. The employee completes Form CA-2a and elects to receive COP.

b. OWCP did not deny the original claim for disability.

c. The disability recurs and the employee stops work within 45 days of the time he or she first returned to work following the initial period of disability.

d. Pay has not been continued for the entire 45 days.

545.723 Exclusions

FECA excludes authorization of COP to members of the following groups:

a. Persons rendering personal service to the United States similar to the service of a civil officer or employee of the United States, without pay or for nominal pay.

b. Volunteers.

c. Individuals in work-study programs.

d. Grand or petit jurors (unless otherwise federal employees).

545.724 Employee Responsibility

To ensure continuing eligibility for COP, an employee must:

a. Complete and submit Form CA-1 to the employing agency as soon as possible, but no later than 30 days from the date the traumatic injury occurs.

b. Ensure that medical evidence supporting disability resulting from the claimed traumatic injury is provided to the employer upon receipt from the attending physician, but no later than 10 calendar days after filing the claim for COP. The report from the physician must include a statement as to when the employee can return to the date-of-injury job.

c. Ensure that relevant medical evidence is submitted to OWCP and cooperate with OWCP in developing the claim.

d. Ensure that the treating physician specifies work limitations and provides them to the employer.

e. Provide the treating physician with a description of any specific alternative positions offered by the Postal Service to the employee and ensure that the treating physician responds promptly to the control office or control point with an opinion as to whether and how soon the employee can perform that or any other specific duties.

545.73 Controversion of COP

545.731 Definition of Controversion

Controversion means to dispute, challenge, or deny the validity of a claim. The Postal Service may controvert a claim by completing the indicated portion of Form CA-1 and submitting detailed information in support of the controversion to OWCP (see 545.75).

545.732 Controversion With COP Withheld

The Postal Service controverts (i.e., challenges or disputes validity) a claim and does not authorize COP when any one of the following circumstances is present:

a. The disability was not caused by a traumatic injury.

b. No written claim was filed within 30 days from the date of injury.

c. The injury was not reported until after employment had been terminated.

d. The injury occurred off the employing agency's premises *and* was otherwise not within the performance of official duties.

e. The injury was caused by the employee's willful misconduct or intent to bring about injury or death to self or another person, or was proximately caused by the employee's intoxication by alcohol or illegal drugs.

f. The first absence caused by the injury occurred 45 days or more after the injury.

545.733 Controversion With COP Provided

In all situations, except as described in 545.732 above, the employer may controvert entitlement to COP, but must continue the employees regular pay pending a final determination by OWCP. OWCP has the exclusive authority to determine questions of entitlement and all other issues relating to COP.

545.74 Stopping COP

545.741 Circumstances for Stopping COP

After payment of COP is initiated, it may be stopped only when one of the following circumstances is present:

a. Medical evidence supporting disability due to a work-related injury is not received within 10 calendar days after the claim is submitted (unless the results of the accident investigation shows disability to exist).

b. The medical evidence from the treating physician shows that the employee is not disabled from the date-of-injury position.

c. Medical evidence from the treating physician shows that the employee is not totally disabled and the employee refuses a written job offer that is approved by the attending physician.

d. The employee returns to work with no loss of pay.

e. The employee's period of employment expires or employment is otherwise terminated as established prior to the date of injury (i.e., a casual or other employee with a specific term of employment). (See explanation in 545.743.)

f. Termination of employment is established prior to the date of injury.

g. OWCP directs the employer to stop COP.

h. COP has been paid for 45 calendar days.

The control office or control point must file a controversion with OWCP setting forth the basis on which COP is stopped, no later than the effective date of the termination.

545.742 **Relation to Disciplinary Action**

COP may not be interrupted or stopped because of a disciplinary action, unless a preliminary notice was issued to the employee before the date of injury and the action becomes final or otherwise takes effect during the COP period.

545.743 **Stopping Continuation of Pay for Temporary Employees**

In cases where casuals or other employees with specific terms of employment are injured, COP is awarded only through the end of their appointment; for example, if a casual employee is hired for 90 days and becomes injured on the 85th day, then COP is covered only through the 90th day; or, if an employee is hired for an appointment not to exceed 90 days and the appointment is changed to 60 days because of lack of work prior to the date that the injury occurred, then COP is awarded through the 60th day.

Note: If an employee is terminated as per 545.741 or 545.742, such an employee may file for compensation effective the date of termination.

545.75 Controversion Package

Proper identification of controverted claims is essential to permit the OWCP to give these claims priority in processing and to avoid the possibility of substantial, erroneous payments of regular pay. If a written explanation of the controversion is not submitted, OWCP may accept as factual the employee's report of injury.

When a claim is controverted, the control office or control point must ensure that the following actions are taken:

a. CA-1 must be properly completed and the controversion package must be adequately documented. Item 36 on the CA-1 should be clearly marked and a full explanation for the basis of the controversion provided.

b. Each case must be tailored to the facts; form letters and repetitive formats must be avoided. All controversion packages must be transmitted to OWCP district office by a cover letter with detailed information on the reasons for the controversion.

c. If additional information in support of the controversion is to be sent at a later date under a separate cover, this must be stated along with the date this information will be submitted in the cover letter and in Item 36 on the CA-1 before the package is submitted to OWCP district office.

d. Submission of Form CA-1 to OWCP must not be delayed, under any circumstances, pending the collection of data to support a controversion. Form CA-1 must be promptly sent to OWCP office with a notation on the CA-1 and a cover letter advising that the claim is

being controverted and that information to support the controversion is forthcoming.

e. The employee, employee beneficiary, or representative must be furnished with a written explanation for the basis of the controversion.

545.76 Adjudication Process

Proceedings conducted with respect to claims filed under FECA are not adversarial in character. Accordingly:

a. The Postal Service does not have the right to actively participate in the claims adjudication process. However, the Postal Service may investigate the circumstances surrounding an injury to an employee and the extent of the disability (e.g., the Postal Service may investigate an employee's activities where it appears the employee who is alleging total disability may be performing other employment or the employee may be engaging in activities that would indicate less than total disability).

b. The Postal Service has the responsibility to submit to OWCP, at any time, all relevant and probative factual and medical evidence in its possession or evidence that it may acquire through investigation or other means. OWCP considers and acts upon all evidence submitted by the Postal Service and informs the claimant, the claimant's representative, and the Postal Service of such action.

c. In those instances where the Postal Service contests a claim at the time of the initial submission and the claim is subsequently approved, OWCP must notify the Postal Service of the rationale for approving the claim.

545.77 Controversion Denied by OWCP

If a controversion is denied by OWCP, the control office or control point may submit a copy of the CA-1 and all other relevant documents to the area human resources analyst for injury compensation, or designee, for review and any necessary resubmission, if warranted. Cases that are not resolved to the satisfaction of field management may be forwarded to the area human resources analyst for injury compensation with a request for further action.

545.78 Overpayment Determination

In the event of an overpayment, OWCP determines the period of absence from the job that resulted in the overpayment in the course of adjudication of the claim. The control office or control point and the employee are notified of the period of disability that is approved by OWCP.

545.8 Compensation by OWCP for Disability

545.81 Initial Period of Compensation

545.811 Traumatic Injury

If medical evidence shows that disability resulting from a traumatic injury is expected to continue beyond 45 days of COP and compensation from OWCP is desired after the expiration of the 45-day period, the employee and the control office or control point personnel give the employee a Form CA-7 by day 30 of the COP period. The employee completes the front side of the

Form CA-7 and the control office or control point completes the reverse side. The completed form and any accompanying medical documentation is then filed with the OWCP district office by day 40 of the COP period.

Note: An employee may file Form CA-7 to claim compensation for initial periods of disability for which there is no entitlement to COP.

545.812 **Occupational Disease or Illness**

If the disability is a result of an occupational disease or illness, a Form CA-7 is completed and submitted to OWCP not more than 5 working days after receipt from the employee.

545.82 Subsequent Periods of Compensation

In instances of either traumatic injury or occupational disease or illness, subsequent claims of compensation for periods of disability beyond the initial period of compensation are also made on Form CA-7. Employees are responsible for submitting the CA-7. Without receipt of such a claim, OWCP has no knowledge of a continuing wage loss. Therefore, while disability continues:

a. The employee submits a claim using Form CA-7 every 2 weeks until the employee is otherwise instructed by OWCP.

b. The employee completes and signs the face of the form and the control office or control point completes the reverse side.

c. The employee is responsible for submitting or arranging for the submission of medical evidence in support of the claim (see 545.33 and 545.51).

d. The control office or control point forwards the completed Form CA-7 and any other accompanying medical reports to OWCP within 5 working days upon receipt from the employee.

545.83 Waiting Period

The employee is advised that there is a waiting period of 3 calendar days before OWCP compensation begins, unless the disability extends beyond 14 calendar days. The 3-day waiting period may not be satisfied by using sick or annual leave; the employee must be in a nonpay status.

The waiting period applies as follows:

a. In the case of an occupational disease or illness, compensation is not payable for the first 3 days of disability, unless the disability extends beyond 14 calendar days.

b. In the case of traumatic injury, the 3-day waiting period begins immediately after the end of the 45-day COP period, unless the disability continues for more than 14 calendar days after the expiration of the 45-day COP period.

545.84 Leave Buy-Back

An employee may use sick or annual leave after the COP period expires, or during a period of disability due to an occupational injury. In such cases, the employee may be entitled to buy back the leave with compensation

payments (see 512.923). The control office is responsible for informing employee, in writing, that:

a. The buy-back must be initiated within 1 year of the return to duty, or within 1 year of the date OWCP approved the claim, whichever is later.

b. Employees who are being separated because of disability or other reasons cannot buy back leave after they are off the rolls of the Postal Service.

545.9 Managing Extended Leave Cases

545.91 General

An employee who suffers job-related injury or illness for which OWCP compensation is being received should be granted leave without pay because of injury on duty (LWOP/IOD) for an initial period of up to 1 year from the date OWCP compensation begins.

545.92 Deciding Appropriate Action

In considering the action to take in matters involving extended leave, the control office or control point evaluates the information contained in the employee's injury compensation file and does one of the following:

a. Authorizes a fitness-for-duty examination as provided in 545.6.

b. Extends LWOP/IOD for an additional period, at the end of which an additional determination must be made. If the employee is unable to return to work at the end of the 1-year period on LWOP/IOD, the LWOP/IOD may be extended for successive additional periods of up to 6 months. Extensions are granted only if it appears that the employee is likely to return to work within the period of the extension.

c. If it is not likely that the employee will be able to return to work at the end of 1 year of LWOP/IOD or during the authorized extended period, the employee may be separated. Before any employee who is on the rolls of OWCP can be separated, the requesting official must submit a comprehensive report to the manager of Health and Resource Management at Headquarters through the area human resources analyst for injury compensation with appropriate recommendations and documentation. The employee must be retained on the rolls of the Postal Service pending approval from Headquarters.

545.93 Separation — Disability

After receiving permission from the Health and Resource Management manager at Headquarters, the requesting official initiates the separation action in accordance with 365.

546 Reassignment or Reemployment of Employees Injured on Duty

546.1 Law

546.11 General

The Postal Service has legal responsibilities to employees with job-related disabilities under 5 U.S.C. 8151 and the OPM regulations as outlined below.

546.12 Disability Fully Overcome Within One Year

546.121 Obligation

A current or former career employee who fully recovers from an injury or disability within 1 year of initial or recurrent compensation must be given the right to resume employment in the former or equivalent position.

546.122 Rights and Benefits

Upon reemployment, all rights and benefits that would have been acquired in the former position must be restored.

546.13 Disability Fully Overcome After More Than One Year

546.131 Obligation

When a current or former employee fully overcomes the injury or disability more than 1 year after compensation begins, the Postal Service must give the current or former employee priority consideration for reassignment or reemployment into the former position or an equivalent one. The names of all former employees who fully recover from their compensable disabilities more than 1 year after compensation begins must be entered on a reemployment list in two groups:

a. Group one includes all those former employees who are entitled to 10-point veteran preference. They must be considered for employment before persons in group two.

b. Group two includes all other former employees who fully recover from their compensable disabilities in more than 1 year. They must be considered before other sources of recruitment, such as transfers from other agencies, reinstatements, or appointments from hiring registers.

546.132 Rights and Benefits

Rights and benefits are the same as those outlined in 546.122.

546.14 Disability Partially Overcome

546.141 General

The procedures for current employees cover both limited duty and rehabilitation assignments. Limited duty assignments are provided to employees during the recovery process when the effects of the injury are considered temporary. A rehabilitation assignment is provided when the effects of the injury are considered permanent and/or the employee has reached maximum medical improvement. Persons in permanent rehabilitation positions have the same rights to pursue promotional and advancement opportunities as other employees.

546.142 Obligation

When an employee has partially overcome the injury or disability, the Postal Service has the following obligation:

a. *Current Employees.* When an employee has partially overcome a compensable disability, the Postal Service must make every effort toward assigning the employee to limited duty consistent with the employee's medically defined work limitation tolerance (see 546.611). In assigning such limited duty, the Postal Service should minimize any adverse or disruptive impact on the employee. The following

considerations must be made in effecting such limited duty assignments:

(1) To the extent that there is adequate work available within the employee's work limitation tolerances, within the employee's craft, in the work facility to which the employee is regularly assigned, and during the hours when the employee regularly works, that work constitutes the limited duty to which the employee is assigned.

(2) If adequate duties are not available within the employee's work limitation tolerances in the craft and work facility to which the employee is regularly assigned within the employee's regular hours of duty, other work may be assigned within that facility.

(3) If adequate work is not available at the facility within the employee's regular hours of duty, work outside the employee's regular schedule may be assigned as limited duty. However, all reasonable efforts must be made to assign the employee to limited duty within the employee's craft and to keep the hours of limited duty as close as possible to the employee's regular schedule.

(4) An employee may be assigned limited duty outside of the work facility to which the employee is normally assigned only if there is not adequate work available within the employee's work limitation tolerances at the employee's facility. In such instances, every effort must be made to assign the employee to work within the employee's craft within the employee's regular schedule and as near as possible to the regular work facility to which the employee is normally assigned.

b. *Former Employees.* When a former employee has partially recovered from a compensable injury or disability, the Postal Service must make every effort toward reemployment consistent with medically defined work limitation tolerances. Such an employee may be returned to any position for which he or she is qualified, including a lower grade position than that which the employee held when compensation began.

Note: Placement priority for rehabilitation assignment is the same as for limited duty.

546.143 **Rights and Benefits Upon Partial Recovery**

When a current or former employee has partially overcome the injury or disability, he or she has the following rights and benefits upon reassignment or reemployment:

a. *Seniority.* Former employees who are reemployed into bargaining unit positions or current career employees who are reassigned into such positions are credited with seniority in accordance with the collective bargaining agreements covering the position to which they are assigned.

b. *Probationary Period.* Reemployed individuals who have completed their probationary periods, or would have completed their probationary periods but for their compensable injuries, are not required to serve a new probationary period.

c. *Leave Credit.* For purposes of computing leave rate accrual, former employees who were eligible to accrue leave under 510 are credited upon reemployment with the total time compensation was received from OWCP.

d. *Retirement.* Former employees (not reemployed annuitants) who were covered by the Civil Service Retirement Act (see 560) or Federal Employees Retirement System (see 580) are credited with the time spent on OWCP compensation in computing retirement credit. Annuitants who are reemployed after a period of separation during which they received OWCP benefits in lieu of an annuity receive credit for the separation only after they have qualified for a redetermination of the annuity. (For additional information on retirement considerations see the federal *CSRS/FERS Handbook,* Chapter 102.

e. *Salary Determination.* The following salary restoration criteria must be met for both reemployment and reassignment actions:

(1) *Reassignment or Reemployment to the Former Grade or Step in the Same Salary Schedule.* Those individuals who are reemployed into a position with the same grade or step as held at the time of injury or disability receive the current salary for that grade and the step that they would have acquired if there had been no injury or disability.

(2) *Reassignment or Reemployment to a Higher Grade Step in the Same Salary Schedule.* Those individuals who are reemployed to a position with a grade higher than that of the position held at the time of injury or disability are placed in the higher grade at the current salary for the grade or step that they would have acquired if there had been no injury or disability. If that salary is between steps in the higher grade, their salary is increased to the next higher step.

(3) *Reassignment or Reemployment to a Lower Grade or Step in the Same Salary Schedule:*

(a) *Salary Below Maximum of Lower Grade.* The individual is placed in any higher step in the lower grade that is less than one full step above the current salary for the grade or step that he or she would have acquired if there had been no injury or disability.

(b) *Salary Above Maximum of Lower Grade.* In those cases where the current salary for the grade that the individual would have acquired if there had been no injury or disability exceeds the maximum salary of the lower grade position, he or she is afforded a saved rate at the higher grade or step salary. These saved-rate provisions apply for an indefinite period and are subject to the rules of the salary schedule to which assigned for the following employees:

(i) Current career employees who have accepted a permanent rehabilitation job offer and are reassigned to a lower grade due to a job-related injury.

(ii) Former career employees who are being reemployed under 546.142b.

(iii) Limited duty career employees.

(4) *Reassignment or Reemployment to a Position in a Different Salary Schedule.* When an individual is reemployed or reassigned to a position in a salary schedule that is different from the schedule under which he or she was paid at the time of injury or disability, he or she is treated under the rules applicable to the salary schedule to which reemployed or reassigned:

(a) The individual is reemployed or reassigned at the grade appropriate for the position to which reemployed or reassigned.

(b) The individual is placed in any higher step in the new grade that is less than one full step above the current salary for the grade or step that he or she would have acquired if there had been no injury or disability.

(c) If reemployment or reassignment is in a nonstep schedule, the individual is placed at a salary plus any salary increases the he or she would have acquired if there had been no injury or disability. Bargaining unit merit salary increases are based on the most recent performance rating prior to the injury or disability.

(d) If the current salary for the grade that the individual would have acquired if there had been no injury or disability exceeds the maximum salary of the new grade, he or she is given a saved rate. These saved-rate provisions apply for an indefinite period and are subject to the rules of the salary schedule to which assigned.

(5) *Reassignment or Reemployment to a Former Position Under Different Salary Schedule.* If the position held at the time of injury or disability is no longer under the same salary schedule, the current salary for the former grade or step is determined by:

(a) The manager of Corporate Personnel Management for Headquarters and Headquarters field unit positions.

(b) The area Human Resources manager for area positions.

(c) The district Human Resources manager for other field positions.

(6) *Step Increases.* Upon reemployment or reassignment, the partially recovered and permanently partially disabled individuals are assigned a new waiting period for step or merit increases. The date assigned is based on the effective date for the most recent step, merit, or equivalent increase the individual would have acquired if there had been no injury or disability.

546.144 **Relocation Consideration**

Factors considered when relocation of a former employee is proposed include the following:

a. *Scope.* Every effort must be made to reemploy the individual at a postal facility within the area of his or her present place of residence. Any offer to reemploy in a different location can be considered only after all reasonable attempts have been made to rehire within the area of the employee's present place of residence.

b. *Expenses.* If an individual accepts a reemployment offer but will incur relocation expenses as a result of this acceptance, any expenses that OWCP determines reasonable and necessary may be paid by OWCP from the Employees' Compensation Fund.

546.2 Collective Bargaining Agreements

546.21 Compliance

Reassignment or reemployment under this section must be in compliance with applicable collective bargaining agreements. Individuals so reassigned or reemployed must receive all appropriate rights and protection under the newly applicable collective bargaining agreement.

546.22 Contractual Considerations

546.221 **Scope**

Collective bargaining agreement provisions for filling job vacancies and giving promotions and provisions relating to retreat rights due to reassignment must be complied with before an offer of reassignment or reemployment is made to a current or former postal employee on OWCP rolls for more than 1 year.

546.222 **Reassignment or Reemployment**

A partially recovered current or former employee reassigned or reemployed to a different craft to provide appropriate work must be assigned to accommodate the employee's job-related medical restrictions. Such assignment may be to a residual vacancy or to a position uniquely created to fit those restrictions; however, such assignment must not impair seniority rights of PTF employees. Minimum qualification requirements, including written examinations, may be waived in individual cases for former or current employees injured on duty and being considered for reemployment or reassignment. When there is evidence (including that submitted by the postal physician or occupational health nurse administrator) that the employee can be expected to perform satisfactorily in the position within 90 days after assignment, a waiver may be granted by one of the following:

a. The vice president of Employee Resource Management for Headquarters and Headquarters field unit positions.

b. An area Human Resources manager for area positions.

c. A district Human Resources manager for other field positions.

546.23 Types of Appointments

Types of appointments available include the following:

a. A current full-time career employee may be reassigned to a full-time career position if his or her job-related medical condition permits.

b. A current or former part-time flexible career employee may be reassigned or reemployed to a part-time flexible career position.

c. A current or former noncareer employee may be reassigned or reemployed to the position held previously or, upon satisfactory demonstration of the ability to meet the job requirements and in accordance with the appropriate collective bargaining agreement, may be reassigned or reemployed to another noncareer position or noncompetitively converted to a career position (NOA 501). Approval for conversion actions from noncareer to career must be approved by the manager of Health and Resource Management at Headquarters prior to any PS Form 50 action.

546.3 Restoration Rights

OPM is responsible for implementing the regulations contained in 5 U.S.C. 8151. These regulations are codified in 5 CFR 353. In accordance with 5 U.S.C. 8151(a), an individual injured or disabled on duty who resumes employment with the Postal Service is to be credited with the time during which compensation was received for purposes of certain rights and benefits based upon length of service.

546.4 Employee Appeal Rights

Current or former employees who believe they did not receive the proper consideration for restoration, or were improperly restored, may appeal to the Merit Systems Protection Board under the entitlements set forth in 5 CFR 353.

546.5 Retirement Considerations

Reemployment of retired annuitants requires special retirement considerations that must be addressed. Injury Compensation control office personnel should coordinate the reemployment of annuitants with the appropriate appointing official.

546.6 Reassignment and Reemployment Procedures

546.61 OWCP Referrals

OWCP makes referrals of current and former postal employees to the Postal Service for reassignment or reemployment consideration.

546.611 Work Limitation Tolerances

The work limitations are established by the employee's treating physician or a physician selected by OWCP and afforded weight of medical evidence.

546.612 OWCP Vocational Rehabilitation Services

OWCP may provide vocational rehabilitation services that include assistance from registered nurses. The nurses may visit the worksite to ensure that the duties of an offered position do not exceed the medical limitations as represented by the weight of medical evidence established by OWCP and

address any problems the employee may have in adjusting to the work setting. Other vocational rehabilitation services include evaluation, testing, training, and placement services with either the Postal Service or a new employer. These services may include functional capacity evaluations, which help to tailor individual rehabilitation programs to employee's physical reconditioning and behavioral modification needs and to help employees to meet the demands of current or potential jobs.

546.62 Postal Service Medical Review

546.621 Physical Examination

Provisions applicable to physical examinations are as follows:

a. The postal physician or occupational health nurse administrator evaluates fully all medical records referred to the Postal Service from OWCP district offices.

b. A complete physical examination paid for by the Postal Service is required for former employees. A physical examination for current employees is not mandatory. The result of the physical examination is documented on PS Form 2485, *Medical Examination and Assessment,* and on PS Form 2489, *Identification of Physical/Mental Disability.*

c. The postal physician or occupational health nurse administrator makes a statement of concurrence with OWCP-documented medical limitations or further restricts the current or former employee's work limitation tolerances. The postal physician or occupational health nurse administrator can in no way liberalize the medical limitations tendered by OWCP district offices.

546.622 Special Considerations

Special considerations are as follows:

a. An individual who is referred for reassignment or reemployment consideration by OWCP may have some degree of concurrent disability that is not caused by or related to the original job injury or disability. The postal physician or occupational health nurse administrator should review medical documentation for any concurrent medical condition that might prevent the individual from performing the duties of the position for which the individual is being considered.

b. The postal physician or occupational health nurse administrator should carefully evaluate all concurrent disabilities and include their potential impact in the recommendation for reassignment or reemployment sent to the appointing official.

c. Current and former employees now permanently and partially disabled may have some type of residual handicap. The postal physician or occupational health nurse administrator who reviews the physical examination and/or medical documentation is responsible for assigning the correct handicap code as defined in Handbook EL-301, *Guidelines for Processing Personnel Actions.*

546.63 Offer of Appointment

546.631 Evaluation

Upon receipt and evaluation of OWCP referral containing documented medical limitations and evaluation of the postal physician's or occupational health nurse administrator's recommendations, the appointing official determines if a reassignment or reemployment offer can be made.

546.632 Interview

During the return to work interview, the appointing official must ensure that the individual receives the following information:

a. In-depth analysis of medical limitations and the individual's responsibility to work within the prescribed work limitation tolerances.

b. If applicable, the status of injury compensation and disability retirement benefits and future eligibility.

c. A full explanation of all restoration rights and benefits (see 546.143 and 546.3).

d. Full particulars regarding the position including title, duties, grade, salary, location of work assignment, and all other information required in a return to work interview.

e. Instructions for completion and submission of any required employment forms.

546.633 Processing Personnel Actions

The appointing official is responsible for processing the reassignment or reemployment action in accordance with Handbook EL-301, *Guidelines for Processing Personnel Actions.*

546.64 Employee's Refusal of Job Offer

When a current or former employee is offered suitable employment or reemployment by the Postal Service (i.e., employment or reemployment that OWCP has deemed suitable), that individual is obligated to return to such employment (see 545.3). However, if the current or former employee refuses an offer of suitable employment or reemployment, the control office or control point must:

a. Offer the individual an opportunity to sign a declination of employment.

b. Advise the individual that the effect of such a refusal may result in the termination or reduction of compensation benefits by the Department of Labor.

c. Notify OWCP district office by telephone, fax or, e-mail of the declination and the reasons given.

d. Within 2 working days, forward a full written summary of the current or former employee's interview, including the signed declination and medical evaluations or other pertinent information, to OWCP district office. OWCP is responsible for notifying the Office of Personnel Management if the individual's disability retirement status is to be evaluated.

546.65 Management's Refusal to Reemploy

The appointing official may not be able to accommodate the former employee for medical reasons or other considerations. If the former employee will not be reemployed, the appointing officer must:

a. Notify the district manager or postmaster with written justification stating specific reasons for refusal to reemploy. If the district manager or postmaster agrees with the appointing officer's refusal to reemploy, then he or she must seek final concurrence from the manager of Health and Resource Management at Headquarters through the area human resources analyst for injury compensation.

b. With the final concurrence, notify the employee in writing of the refusal to employ, including a paragraph informing the individual of the right to appeal to the Merit Systems Protection Board, and send a copy to OWCP.

547 Third Party Liability

547.1 Purpose

This section instructs control office or control point personnel on how to collect damages from a third party who is responsible for causing an injury to a postal employee who receives benefits under the FECA, 5 U.S.C. 8101-50, as a result of that injury.

547.2 Background

547.21 Requirement to Take Action

FECA provides that if the injury or death (which is compensable under the Act) is caused by a third party, the claimant can be required to take action against that third party. The Office of the Solicitor of Labor (SOL) is delegated authority to administer the subrogation aspects of certain FECA claims for OWCP. Either OWCP or SOL can require an employee receiving benefits under FECA to do one of the following:

a. Assign to the United States any right of action he or she may have to force the third party to pay damages or assign any right the employee may have to share in money received in satisfaction of a liability claim.

b. Prosecute the action in his or her own name.

547.22 Penalty for Refusal

Any employee who refuses to assign right of action to the United States or to prosecute an action in his or her own name when required to do so by the secretary of the Department of Labor (DOL) may be denied compensation by DOL.

547.23 Postal Service Administrative Pursuit

The agreement between the director of OWCP and the Postal Service provides that to more efficiently and effectively accomplish the stated purpose of FECA, OWCP agrees that the Postal Service may administratively pursue collection of damages from the third party who is responsible for the injury sustained by a Postal Service employee in all cases of traumatic injury except in any of the following cases:

a. When the injury results in the death of the employee.

b. When the injury occurs outside of the United States or Canada.

c. When the third party is a common carrier.

d. When malpractice or product liability is involved.

e. When injuries are sustained by more than one employee in the same incident (group injuries).

547.3 Definitions and Use of Terms

The definitions in this section apply to 547 only and are not included under 541.2. They do not change the terms of the Act, the regulations of the Department of Labor, or other sections of the ELM.

a. *Assignment* — a written agreement whereby the employee or beneficiary transfers his or her right to recover damages from a third party to the Postal Service and such offer is accepted by the Postal Service.

b. *Legal liability* — a determination that a third party is responsible for the payment of money damages to an injured employee.

c. *Negligence* — the failure of a third party to act as an ordinary prudent person would act under the same or similar circumstances and such failure is the proximate cause of an injury to an employee.

d. *Prosecute* — any action taken to recover damages from the third party.

e. *Serious injury* — a personal injury that results in death, dismemberment, significant disfigurement, a fracture, or permanent loss of use of a body organ, member function, or system.

f. *Third party* — a person or organization, other than the United States and its agencies, who is believed to be responsible for injury to a postal employee while in the performance of employment.

g. *Tort* — a wrongful act committed by a third party that is done intentionally or negligently and that causes injury to an employee.

547.4 Responsibility

The Injury Compensation control office carries out the responsibilities outlined in these instructions. At installations that do not have an Injury Compensation control office, the Injury Compensation manager designates a qualified control point supervisor responsible for coordinating these instructions with the control office. The Injury Compensation manager must ensure that control point personnel are properly trained to carry out the responsibility of making third party recoveries.

547.5 Third Party Recovery Action

547.51 Traumatic Injury

Upon receipt of Form CA-1, the control office or control point supervisor reviews the form to determine if a third party is involved in the injury to the employee and whether the third party could be responsible for the injury.

547.52 Occupational Illness or Disease

Third party cases for which a claim is filed on Form CA-2 must be identified and forwarded to OWCP. OWCP continues to be responsible for third party recoveries in these cases. The control office or control point supervisor

monitors the progress of OWCP action and obtains periodic status reports until these cases are closed.

547.53 Potential Third Party Injuries

Although a third party recovery case can arise from many circumstances in which a third party's act or failure to act results in the injury or death of an employee, the most common circumstances are, but are not limited to, these:

a. Automobile accidents.

b. Animal attacks.

c. Conditions that cause tripping, slipping, and falling on sidewalks, steps, and other portions of nonfederal property.

d. Defective machinery, automobiles, and equipment.

e. Physical attacks and other assaults.

f. Defects in leased postal premises.

547.54 Investigation

When a possible third party recovery case is identified, the control office or control point supervisor should coordinate an investigation of the incident and do the following:

a. If possible, obtain a detailed, written statement from:

(1) The injured employee, if the Form CA-1 is not sufficient to determine third party liability or is otherwise inadequate.

(2) Any witness to the incident.

(3) Any other person who may be acquainted with the facts or is identified as having pertinent information.

b. Obtain the name, address, and telephone number of the third party.

c. Obtain a detailed description of the place where the incident occurred, and all the circumstances concerning the incident.

d. If an investigation of the incident was previously made by the local police, Postal Service Vehicle Services, Postal Service safety personnel, Inspection Service, Office of Inspector General, or any other organization, obtain a copy of the reports and the investigative file.

e. Consult Handbook PO-702, *Accident Investigation — Tort Claims,* for information and procedures regarding investigative techniques and guides.

547.55 Notification

In all cases when it appears that a third party recovery is a possibility, a completed PS Form 2562, *Injury Compensation Program — Notice of Potential Third Party Claim* (Exhibit 547.55), should be obtained from the injured employee. If the claim has already been submitted to OWCP, a copy of the completed form should be forwarded to that office with the employee's claim for benefits as soon as possible after it is received from the employee. (See 544 for submission of claims to OWCP.) Do not delay the submission of the claim to OWCP pending receipt of third party information. When OWCP is responsible for making the third party recovery (see 547.23), no action to recover should be taken by the control office.

Exhibit 547.55
PS Form 2562, Injury Compensation Program — Notice of Potential Third Party Claim

UNITED STATES POSTAL SERVICE™

Injury Compensation Program - Notice of Potential Third Party Claim

1. Date

A. Employee Information

2. Name	3. Home Address *(Include Apt. No & ZIP + 4)*
4. Social Security Number	
5. Title	6. Home Phone *(Include Area Code)*
7. Office of Employment	8. Contact Point at Employing Office *(Name & Phone No.)*

B. Injury Information

1. Date & Location of Injury	2. OWCP File No.

3. Brief Description of Injury

4. Name & Address of Attending Physician *(Include Suite No.)*

5. Name & Address of Attorney Representing Employee *(Include Suite No.)*

6. Wage records, medical records, and other pertinent information may be released to my attorney.

☐ Yes ☐ No

C. Third Party Information

1. Name	2. Address *(Include Apt. No. & ZIP + 4)*

3. Does the Employee or Beneficiary(ies) intend to take action against the third Party. *(If "No", Explain Why Not)*

☐ Yes ☐ No

4. Name & Address of Insurance Co. *(Include Suite No.)*	5. Name & Address of Law Enforcement Agency Notified
Prepared By *(Printed Name & Signature)*	Date Signed

PS Form **2562,** December 1988

Exhibit 547.55 (p. 2)

PS Form 2562, Injury Compensation Program — Notice of Potential Third Party Claim

1. Complete this form whenever a third party (individual) is involved in an incident where a postal employee has applied for compensation benefits.

2. A third party may be involved directly, as in a vehicle accident, or indirectly, as in designing or manufacturing an unsafe or defective machine.

3. The employee or employee's beneficiaries are encouraged to seek recovery from a third party that they believe is responsible for the employee's work related injury. An injured employee or employee's beneficiaries who, when required by OWCP, fail to take action against a third party may become ineligible for injury compensation.

The Federal Employees' Compensation Act, as amended (5 USC 8101, et seq.), is administered by the Office of Workers' Compensation Programs of the U.S. Department of Labor. In accordance with this responsibility, the office collects and maintains personal information on claimants and their immediate families. The information will be used to determine eligibility for and the amount of benefits payable under the Act. The information may be used by other agencies or persons in handling matters relating, directly or indirectly, to the subject matter of the claim, so long as such agencies or persons have received the consent of the individual claimant, or have complied with the provisions of 20 CFR 10. In addition, this information may be disclosed to an appropriate law enforcement agency for investigative or prosecutive purposes, to a congressional office at your request, to OMB for review of private relief legislation, to a labor organization as required by the NLRA, and where pertinent, in a legal proceeding to which the Postal Service is a party. Failure to provide the information requested may delay the adjudication process, or result in an unfavorable decision or a reduced level of benefits (disclosure of your social security number is voluntary; the failure to disclose such number will not result in the denial of any right, benefit or privilege to which you may be entitled).

PS Form **2562,** December 1988

547.56 OWCP Responsibility

In all cases in which OWCP is responsible for making a recovery, the control office or control point supervisor monitors the progress of OWCP's action and obtains periodic status reports until the case is closed. Any such cases that are closed without a payment from the third party are referred to the area human resources analyst for injury compensation for review and appropriate action.

547.57 Postal Service Responsibility

When a third party collection responsibility has been assumed by the Postal Service, the control office or control point supervisor forwards copies of all letters issued together with other pertinent third party claim documents to OWCP district office. The control office or control point supervisor should then proceed as follows when the employee is represented by an attorney:

a. If the answer to the question on PS Form 2562 "Does the employee or beneficiary(ies) intend to take action against the third party?" is *Yes*, and the PS Form 2562 or other information shows that the employee is represented by an attorney, forward the following to the employee's attorney:

   (1) Sample letter A, *Notice to Attorney of Government's Lien* (see Exhibit 547.57a), with the papers and forms referred to in that letter.

   (2) Sample letter B, *Request for Status and Transmittal of Information* (Exhibit 547.57b).

b. If a response to sample letter A is not received within 90 days after mailing, obtain a status report on the progress of the case by contacting directly the attorney who is representing the postal employee. Status reports from the postal employee's attorney should be obtained as frequently as is considered necessary by the control office or control point supervisor. If no reply is received from the attorney within 90 days after any request for a status report has been made, send a follow-up letter to the attorney. If there is no response after 15 days, contact the employee regarding status of cases. If recovery still has not been made, do one of the following:

   (1) Contact your area human resources analyst for injury compensation or field general council for further guidance.

   (2) Monitor progress if the case is still in the process of recovery.

c. Upon receipt of notification from the postal employee's attorney that the case has been terminated, verify the nature of termination (i.e., with or without settlement).

   (1) If the case is terminated without settlement, do one of the following:

      (a) Attempt to obtain from the employee a voluntary assignment if the case has merit.

      (b) If the attorney indicates that a suit for damages is unlikely to prevail, close the file and assist the employee in requesting release from his or her obligation to proceed.

The request should be in writing and provide evidence of the attorney's opinion.

(2) If the case is settled, obtain settlement sheet, PS Form 2556, *Third Party Statement of Recovery* (see Exhibit 547.57c), and payment due the Postal Service. Verify the accuracy of PS Form 2556 and forward settlement sheet in accordance with 547.73.

547.58 Employee Not Represented by Attorney

The control office or control point supervisor should proceed as follows:

a. If the answer to the question on the PS Form 2562 "Does the employee or beneficiaries intend to take action against the third party?" is *Yes,* and the PS Form 2562 or other information shows that the employee desires to pursue the recovery him- or herself and is not represented by an attorney, furnish the employee sample letter C, *Notice to Employee of Government's Lien* (see Exhibit 547.58a), and mail sample letter D, *Notice to Third Party of Government's Lien* (see Exhibit 547.58b), to the third party and/or insurer.

b. At least every 60 days after the date sample letter C is given the employee, check with the employee to determine the status of the case.

c. If a recovery has not been made within 6 months after the accident, or if prior to that time there is information that the action on the claim has been terminated, contact the employee for status of recovery action. If the employee has decided not to pursue or has been unsuccessful in the recovery attempt, proceed in accordance with 547.59d.

d. When a recovery statement (see PS Form 2557, *Employee's Third Party Recovery Statement*, Exhibit 547.58c) is received from the employee, review it for accuracy, take the necessary action to correct any errors, and forward the recovery statement together with the payment, in accordance with 547.73.

Exhibit 547.57a
Sample Letter A, Notice to Attorney of Government's Lien

UNITED STATES POSTAL SERVICE

[__*date*__]

[__*name*__]
[__*street*__]
[__*city, state, ZIP*__]

File Number:
Employee:
Date of Injury:

Dear [__*name*__]:

We have been advised that you have been retained to represent the above-named employee with respect to the third party damage claim arising from the above-referenced injury. Copies of the reports contained in our file are enclosed for your information. If OWCP disbursements have been made in this case, you will also find a statement showing the disbursements made to date. Also enclosed is Form 2556, *Statement of Recovery*, for your use. Upon request, we will furnish you an updated statement of disbursements, or copies of additional reports.

If you have any questions concerning the third party aspect of this case, or the obligations and responsibilities to protect the government's lien imposed by Sections 8131 and 8132 of Title 5, United States Code, please contact [__*name*__] at [__*telephone no*.__].

Sincerely,

[__*signature*__]
[__*title*__]
[__*telephone no.*__]

Enclosures

cc: District Office, OWCP

Exhibit 547.57b
Sample Letter B, Request for Status and Transmittal of Information

UNITED STATES POSTAL SERVICE®

[__*date*__]

[__*name*__]
[__*street*__]
[__*city, state, ZIP*__]

File Number:
Employee:
Date of Injury:

Dear [__*name*__]:

We will appreciate a report concerning the present status of this third party damage claim. If possible, advise the date that you expect the matter to be concluded.

We are enclosing copies of additional reports from our file which may be of assistance to you.

There is a statement of the disbursements made to the employee.

Sincerely,

[__*signature*__]
[__*title*__]
[__*telephone no.*__]

Attachment

cc: District Office, OWCP

Exhibit 547.57c
PS Form 2556, Third Party Statement of Recovery

U.S. Postal Service
Third Party Statement of Recovery ▶ *See Instructions on Reverse*

Claimant	Date of Injury/Death	MSC	File No. / Finance No.

1. Gross Recovery	$
2. Less Property Damage	
3. Balance	
4. Less Attorney's Fee *(Fee is _____% of line 3)*	
5. Balance	
6. Less Court Costs *(Must be itemized)*	
7. Balance *(Adjusted Gross Recovery)*	
8. Less 1/5 *(20% of line 7)*	
9. Balance	
10. Less Payment to Public Health Service *(or other Federal medical facility)*	
11. Balance	
12. Less Medical Expenses Paid by the Claimant *(Must be itemized)*	
13. Balance	
14. OWCP Disbursements *(Including compensation and medical)* or line 13 whichever is less	
15. Less Government Allowance for Attorney's Fee *(Retained by claimant)*	
16. Amount to be refunded to OWCP *(Enclose check or money order payable to OWCP)*	
17. Surplus *(Line 13 less line 14)*	$

For Official Use Only	

PS Form **2556**, July 1986

Exhibit 547.57c (p. 2)
PS Form 2556, Third Party Statement of Recovery

Instructions

(*Disbursement must be made in accordance with 5 U.S.C. 8132. Also, provide the employee with a copy of this form.* ***NOTE:*** *Shaded area for USPS Use Only.*)

Property Damage, (line 2): A reasonable amount for clothing or other personal belongings damaged or destroyed in an accident may be deducted. These amounts must be itemized. If an automobile or other vehicle is damaged or destroyed, then more tangible evidence of such damage is required. The year, make, model, and Blue Book value of the vehicle must be furnished. A copy of the repair bill will suffice if the vehicle was not totally destroyed.

Attorney's Fee, (line 4): Deduct the attorney's fee in line 4 from the balance shown in line 3. The attorney's fee as a percentage of line 3 must also be shown.

Court Costs, (line 6): These consist of such items as filing fees, witness fees, actual costs of collection, or any payments to physicians for expert testimony as opposed to payment for treatment. *(Payment for medical treatment comes under line 10 and/or 12.)* All items must be itemized.

20% Guarantee, (line 8): This amount is turned over to the claimant and is not subject to any deductions.

Public Health Service, (line 10): Refund made to a Federal medical facility for medical treatment is deductible under line 10. The claim of the Federal medical facility is separate and apart from the claim of the OWCP.

Medical Expense Paid By Claimant, (line 12): This consists of any medical expenses paid by the claimant other than those paid by OWCP or by an insurance carrier. It does not include items paid by the claimant for which the claimant was subsequently reimbursed by the OWCP or by an insurance carrier. Itemize all items submitted for credits and deduction in line 12 or attach copies of paid bills. A lump sum amount will not be accepted for credit.

Government Allowance for Attorney's Fee, (line 15): The Government contributes a portion of its refund to the claimant as an attorney fee. This fee is based upon the OWCP's disbursements, or other amount as shown in line 14.

Amount to Be Refunded, (line 16): This represents the amount to be refunded to the Government for OWCP disbursements. Refund check must be made payable to the OWCP.

Surplus, (line 17): This surplus, which is retained by the claimant, is the amount against which the OWCP will credit any future compensation payments or additional medical expenses payable on account of the same injury or death.

PS Form **2556**, July 1986 *(Reverse)*

Exhibit 547.58a
Sample Letter C, Notice to Employee of Government's Lien

UNITED STATES POSTAL SERVICE®

[__*date*__]

Notice to Employee of Government's Lien

[__*name*__]
[__*street*__]
[__*city, state, ZIP*__]

File Number:
Date of Injury:

Dear [__*name*__]:

Our records show that you have presented or you intend to present a claim for damages against a third party apparently responsible for your injury.

The Federal Employees' Compensation Act provides that the United States must be reimbursed out of any third party recovery for any disbursements made to you or on your behalf by the United States. Therefore, you should include as damages in your claim the disbursements indicated on the attached Form 2557, *Employee's Third Party Recovery Statement*, and any other disbursements that you received or that were made in your behalf. If you receive additional treatment, compensation, or continuation of pay, contact this office for an up-to-date statement of disbursements before settling your claim.

This office must be notified of any recovery you obtain. Completion and submission of the attached form will serve as notification of a recovery obtained without the services of an attorney. It will also enable you to determine the amount of any refund you must pay to the Postal Service.

If you should retain the services of an attorney to assist you in your third party claim, please advise this office immediately and provide the attorney's name and complete address.

If you wish to discuss this matter or desire us to assist you, please contact [__*name*__] at [__*telephone no.*__].

Sincerely,

[__*signature*__]
[__*title*__]
[__*telephone no.*__]

Attachment

cc: District Office, OWCP

Exhibit 547.58b
Sample Letter D, Notice to Third Party of Government's Lien

UNITED STATES POSTAL SERVICE

[__*date*__]

[__*name*__]
[__*street*__]
[__*city, state, ZIP*__]

File Number:
Employee:
Date of Injury:
Your Insured:
Policy Number:

Dear [__*name*__]:

We have been informed that the postal employee named above has made a claim for damages as a result of an incident involving you (your insured) that occurred on the date shown.

The injury occurred in the performance of federal employment and comes under the Federal Employees' Compensation Act (5 U.S.C. 8101 et seq.). Section 8132 of Title 5 of the United States Code requires that the Government must be reimbursed for payments made to or on behalf of a beneficiary out of the recovery made from a third party. This section also states, "No court, insurer, attorney, or other person shall pay or distribute to the beneficiary or his (or her) designee the proceeds of such suit or settlement without first satisfying or assuring satisfaction of the interest of the United States."

Because of the Government's financial interest in the outcome of this case, please request a statement from this office of the Government's disbursements before distributing any proceeds in settlement of this case.

Sincerely,

[__*signature*__]
[__*title*__]
[__*telephone no.*__]

cc: District Office, OWCP

Exhibit 547.58c
PS Form 2557, Employee's Third Party Recovery Statement

UNITED STATES POSTAL SERVICE®

File No.

Employee's Third-Party Recovery Statement

Claimant	Date of Injury/Death	MSC	Finance No.

When a Third-Party Settlement Is Made Without an Attorney

1. Contact this office for the amount of disbursements.
2. If you were examined or treated at a Federal medical facility, contact that facility for the value of its service. If service was rendered by the U.S. Public Health Service, the Regional Counsel of the Department of Health and Human Services should be contacted.
3. Complete the recovery statement below and return it to this office. Enclose a check or money order for the amount appearing in item 3, below, made payable to "Office of Workers' Compensation Programs (OWCP)."

The law provides that the United States must be reimbursed out of any third-party recovery for any disbursements made by the Government. The term "disbursement" includes compensation, medical bills and transportation expenses. If there were disbursements requiring a refund, you are still entitled to a minimum amount of the recovery irrespective of any liens of the Government *(see item 2c below)*.

1. Total recovery . . . . . $_____
2. Less:
   a. Personal property damage . . . . . $_____
   b. Balance *(item 1 less item 2a)* . . . . . $_____
   c. Minimum guarantee *(20 percent of item 2b - to be retained by you)* . . . . . $_____
   d. Medical expenses paid by you for which you have not received reimbursement from OWCP or an insurance carrier *(attach itemization)* . . . . . $_____
   e. Adjusted balance *(item 2b less items c and d)* . . . . . $_____
3. OWCP disbursements or item 2e, whichever is less . . . . . $_____ $_____
4. Surplus *(line 2e less item 3)* . . . . . $_____

Following submission of this statement, you will be advised further concerning your compensation status.

Date of Judgment or Release	Signature	Date

The Federal Employee's Compensation Act, as amended (5 USC 8101, et seq.) is administered by the Office of Workers' Compensation Programs of the U.S. Department of Labor. In accordance with this responsibility, the office collects and maintains personal information on claimants and their immediate families. The information will be used to determine eligibility for and the amount of benefits payable under the Act. The Postal Service uses the information in handling matters relating, directly or indirectly, to the subject matter of the claim in accordance with provisions of 20 CFR 10. In addition, this information may be disclosed to an appropriate law enforcement agency for investigative or prosecutive purposes, to a congressional office at your request, to OMB for review of private relief legislation, to a labor organization as required by the NLRA, and where pertinent, in a legal proceeding to which the Postal Service is a party. Failure to provide the information requested may delay the adjudication process, or result in an unfavorable decision or a reduced level of benefits, (however, disclosure of the social security number is voluntary and will not cause such delays; its only purposes are to enable the Postal Service to account for program costs and to verify the dollar amount of payments due the Department of Labor).

PS Form **2557**, July 1986 *(Copy to Employer)*

547.59 Employee Not Pursuing Third Party Action

The control office or control point supervisor should proceed as follows:

a. If the answer to the question on Form 2562 "Does the employee or beneficiaries intend to take action against the third party?" is *No,* or the employee is undecided, or it is unclear what action the employee contemplates, furnish the employee with sample letter E, *Request for Information From Employee and Notice of Government's Lien* (Exhibit 547.59a), and PS Form 2559, *Third Party Claim — Information Request* (Exhibit 547.59b).

b. If PS Form 2559 is not received within 15 days, contact the employee directly or through the employee's supervisor to determine what action the employee intends to take against the third party.

c. If the employee advises that he or she will seek recovery against the third party, proceed in accordance with 547.57 or 547.58, as appropriate.

d. If the employee indicates that he or she will not seek recovery against the third party, or is unable to decide what action he or she will take, ask whether the employee will agree to assign his or her claim against the third party to the Postal Service by signing PS Form 2577, *Assignment of Claim to the USPS* (Exhibit 547.59c). If the employee declines to make the assignment, refrain from saying or doing anything to the employee that could be regarded as pressuring or coercing the employee to agreeing to the assignment. Point out that the Postal Service is not ordering or directing the employee to either sue or assign the claim, but advise the employee of the following information:

   (1) By assigning a claim to the Postal Service, the employee will enable the Postal Service to attempt to shift the financial liability for the employee's injury from the Postal Service to the true wrongdoer, i.e., the third party.

   (2) The ultimate recovery that the employee will realize for the injury cannot possibly be reduced by the employee's agreement to the assignment. An employee is entitled to a minimum of 20 percent of the net recovery after the expense of the recovery (attorney's fees, property damage, and court costs only) have been deducted. In addition, any surplus amount realized in the third party action that exceeds the amount of the employee's compensation payments and the expense of realization or collection, will be paid to the employee.

   (3) OWCP is authorized to require an assignment of the claim and to terminate an employee's entitlement to past or future compensation payments if he or she refuses to pursue or assign what appears to be a valid third party claim.

e. If the employee continues to refuse to pursue or assign his or her claim, then refer the file to the area human resources analyst for injury compensation. Use PS Form 2560, *Referral of Third Party Material* (Exhibit 547.59d) to transmit the file. Take no further action to obtain an assignment after the file is referred.

f. Upon receipt of an assignment of the employee's claim on PS Form 2577 send sample letter F, *Notice of Assignment of Postal Employee's Claim and Request for Settlement* (Exhibit 547.59e), to the third party and to his or her insurer, if known.

g. When a reply to sample letter F is received, attempt to negotiate a settlement of the government's and the employee's claim (see 547.7, Settlement of Claims).

h. Contact the Postal Service Field Counsel if it is felt that assistance is necessary.

Exhibit 547.59a
Sample Letter E, Request for Information from Employee and Notice of Government's Lien

UNITED STATES POSTAL SERVICE

[__*date*__]

[__*name*__]
[__*street*__]
[__*city, state, ZIP*__]

File Number:
Date of Injury:

Dear [__*name*__]:

Our records show that on the above date you sustained an injury under circumstances which may place liability for damages upon a party other than the United States.

Under the provisions of Section 8131 of Title 5, United States Code, the Secretary of Labor can and will require a workers' compensation beneficiary to prosecute an action for damages in his or her own name when injury or death occurs under circumstances which indicate legal liability to pay damages on a party other than the Government. When damages are recovered from such a party, the beneficiary must, out of the damages recovered, reimburse the United States for any payments made to the beneficiary or on the beneficiary's behalf. Nevertheless, in all cases you will be entitled to a minimum of 20% of the net recovery.

For our records, a statement is required from you as to whether you have presented a claim for damages as a result of this injury against anyone other than the Postal Service or the Office of Workers' Compensation Programs (OWCP). It is requested that you answer the questions on the enclosed Form 2559, *Third Party Claim-Information Request*, and promptly return it to this office.

If you have initiated a third party action, you should contact us for a statement of any OWCP disbursements made to you or on your behalf before you make a final settlement. These disbursements must be repaid from any recovery you make from the third party (the person or persons responsible for the injury).

If you wish to discuss this matter or desire to assist you, please contact [__*name*__] at [__*telephone no.*__].

Sincerely,

[__*signature*__]
[__*title*__]
[__*telephone no.*__]

Enclosure

cc: District Office, OWCP

Exhibit 547.59b
PS Form 2559, Third Party Claim — Information Request

U.S. POSTAL SERVICE
THIRD PARTY CLAIM–INFORMATION REQUEST

Section 8131 of Title 5, United States Code, provides that when damages are recovered the United States shall be reimbursed for payments it made on account of the injury.

1. Have you presented a claim or instituted suit for damages against any person or persons apparently responsible for your injury? ☐ YES ☐ NO
(If yes, give the third party's name and address and the name and address of the insurance carrier, if known.)

THIRD PARTY'S NAME AND ADDRESS	INSURANCE CARRIER'S NAME AND ADDRESS

2. Have you retained an attorney with regard to a possible action against any person or persons apparently responsible for your injury? ☐ YES ☐ NO
(If yes, give the attorney's name and address.)

3. If you have not filed a claim for damages, state your reasons, in full detail, for not doing so.

4. Have damages been recovered? ☐ YES ☐ NO *(If yes, please furnish the following information:)*
   a. Total amount recovered . . . . . $ _____
   b. Personal property damage, if any . . . . . $ _____
   c. Medical expense paid by you personally *(Do not include those paid or reimbursed by OWCP or an insurance carrier). (Attach itemization.)* . . . . . $ _____
   d. Attorney's fee, if any . . . . . $ _____

DATE OF JUDGMENT OR RELEASE	5. SIGNATURE	DATE

The Federal Employee's Compensation Act, as amended (5 USC 8101, et seq.) is administered by the Office of Workers' Compensation Program of the U.S. Department of Labor. In accordance with this responsibility, the office collects and maintains personal information on claimants and their immediate families. The information will be used to determine eligibility for and the amount of benefits payable under the Act. The Postal Service uses the information in handling matters relating, directly, or indirectly, to the subject matter of the claim in accordance with the provisions of 20 CFR 10. In addition, this information may be disclosed to an appropriate law enforcement agency for investigative or prosecutive purposes, to a congressional office at your request, to OMB for review of private relief legislation, to a labor organization as required by the NLRA, and where pertinent, in a legal proceeding to which the Postal Service is a party. Failure to provide the information requested may delay the adjudication process, or result in an unfavorable decision or a reduced level of benefits, (however, disclosure of the social security number is voluntary and will not cause such delays; its only purposes are to enable the Postal Service to account for program costs and to verify the dollar amount of payments due the Department of Labor).

PS Form **2559,** February 1981

Exhibit 547.59c
PS Form 2577, Assignment of Claim to the USPS

UNITED STATES POSTAL SERVICE

Assignment of Claim to the USPS

As a result of my applying for and receiving benefits under the provisions of the Federal Employees' Compensation Act (5 U.S.C. 8101-50), and because I do not wish to prosecute an action in my own name to recover damages, I (name) _____ _____, of (address) _____, City of _____, County of _____, State of _____, hereby voluntarily assign to the United States Postal Service all of my right, title and interest in any claim, demand, or cause of action which I may have against (name of third party) _____ _____, or any other person, as a result of an injury I sustained on (date) _____, at (location) _____ _____, while in the performance of my duties as an employee of the United States Postal Service.

I understand that in the event of recovery of damages by the United States Postal Service under this assignment, I am entitled to one-fifth of the net amount of recovery after expenses thereof have been deducted and to any surplus remaining as provided by Section 8131 of the Federal Employees' Compensation Act.

I understand that I have the right to pursue an action to recover damages by myself or by an attorney of my own choice, but I hereby am assigning that right to the United States Postal Service. Upon acceptance of this assignment, the United States Postal Service shall have full and complete authority to take whatever action on this claim it considers appropriate, and may institute legal action, settle or compromise the claim or any suit, or decline to institute suit, or to take any other action. In the event the United States Postal Service declines to institute suit, or to take other action, it shall have the right to cancel this assignment and thereby reassign the claim back to me.

I hereby authorize the United States Postal Service to furnish all records, medical and other reports, statements made by myself and other papers relating to my injury to the parties against whom claim is made, their representative, and insurance companies for the purpose of effectuating a settlement of the assigned claim.

IN WITNESS WHEREOF, I have signed this assignment this _____ day of (month, year) _____.

_____
(Signature)

Recognizing that it is within the discretion of the United States Postal Service to accept or to refuse to accept this Assignment of Claim, and pursuant to the authority granted by 39 C.F.R. 224.2(b) (1) (i) and other Postal Regulations, I hereby accept the above assignment.

Dated _____

_____
(Signature)

_____
(Title)

Privacy Act Statement

Collection of this information is authorized by 39 USC 401. The purpose for which the information is to be used is to assign a third-party damage claim to the USPS. As a routine use, this information my be disclosed to OWCP and a third-party representative. Completion of this form is voluntary; however, if you do not complete this form, the USPS can not pursue your claim or prosecute an action on your behalf.

PS Form **2577**, August 1998

Exhibit 547.59d
PS Form 2560, Referral of Third Party Material

UNITED STATES POSTAL SERVICE®

Referral of Third Party Material

To:			From:
Case No.	Date Submitted	Date Claimant Rtd. to Work	Employee's Name

Attached Are the Following Documents:

1. CA Forms (Front and Back)

☐ CA-1 ☐ CA-4 ☐ Other *(Identify)*:

☐ CA-2 ☐ CA-5

☐ CA-3 ☐ CA-7

2. Witness Statements and Accident Reports

☐ Reverse of CA-1 or CA-2 ☐ Other *(Identify)*:

3. Medical Reports

☐ CA-16 *(Reverse)* ☐ Other *(Identify)*:

☐ CA-20

☐ CA-20A

4. Correspondence From:

☐ Attorney Dated: _____ ☐ Other *(Identify)*:

☐ Claimant Dated: _____

5. Award of Compensation

☐ CA-1048 ☐ CA-181 ☐ Other *(Identify)*:

☐ CA-1049

☐ CA-180

6. Settlement

☐ Claimant's Recovery Statement ☐ Settlement Has Been Made in This Case. Attached Is a Copy of:

☐ Recovery Letter 1

PS Form **2560**, November 1987

Exhibit 547.59e

Sample Letter F, Notice of Assignment of Postal Employee's Claim and Request for Settlement

UNITED STATES POSTAL SERVICE®

[__*date*__]

[__*name*__]
[__*street*__]
[__*city, state, ZIP*__]

RE:Accident on [__*date*__]

Dear [__*name*__]:

On [__*date*__], a postal employee, [__*name*__], was injured as a result of [__*description of incident*__].

Pursuant to the provisions of the Federal Employees' Compensation Act, our employee has filed for benefits and has assigned [__*his*__] [__*her*__] personal injury claim to the Postal Service; a copy of that assignment, Form 2577, *Assignment of Claim to USPS*, is attached.

We request that you, your insurance carrier, or your attorney contact this office to discuss settlement of this matter.

Sincerely,

[__*signature*__]
[__*title*__]
[__*telephone no.*__]

Attachment

cc: DOL

547.6 Release of Information

547.61 Privacy Act Protection

All records, medical and other reports, statements of witnesses, and other papers relating to the injury or death of an employee or other person entitled to compensation or benefits under the Act are sensitive in nature, and no employee of the Postal Service may disclose information from or pertaining to the records to any person except as directed in these instructions. Upon the employee's death, records lose much of their sensitivity; i.e., the Privacy Act no longer applies to them. Release of records on deceased employees should be guided by the Postal Service release of information guidelines (*Administrative Support Manual* (ASM) 352).

547.62 Release to Employee or Beneficiary

547.621 General

If (a) an employee, or (b) in the case of death, an employee's beneficiary, or (c) the authorized representative of an employee or beneficiary requests information from the Postal Service in connection with a third party recovery case, refer the request to the control office or control point supervisor, who permits the requester to examine the records of the case, except where release of the information is not in the best interest of the employee (see 547.622).

547.622 Release to Physician

When the control office or control point supervisor, based upon consultation with the postal physician or occupational health nurse administrator, determines that release of medical reports directly to the employee clearly is not in the best interest of the employee, the control office or control point supervisor should request authorization from the employee to release the information to the employee's personal physician.

547.623 Limitation to Germane Information

In honoring requests, the control office or control point supervisor discloses only that information that is germane to the request and the third party action.

547.63 Release to Other Parties

Information requested for use in third party recovery cases by persons who are interested in third party action other than the employee or other legal representative may be released only upon written authorization of the employee or of the authorized representative. Direct all such requests to the control office or the control point supervisor.

547.64 Release to Court or Other Authority

Any employee of the Postal Service who is served with a demand by federal or state courts or other administrative bodies for records or information relating to third party recovery matters must promptly, and without awaiting appearance before the court or other authority, contact field counsel for instructions concerning the response to the demand.

547.7 Settlement of Claims

547.71 Employee Pursuing Collection of Damages From Third Party

The Postal Service, with certain adjustments, is entitled to collect from the proceeds paid to an employee by a third party the amount of compensation and medical and related expenses paid by OWCP on behalf of the employee. Therefore, when information is received that a third party recovery is imminent, the control office or control point supervisor contacts OWCP for an up-to-date statement of all disbursements made by OWCP and advises the employee or the employee's attorney of those disbursements. If settlement has already been made, PS Form 2556 should be reviewed to see that the total disbursements made by OWCP have been accurately computed.

547.72 Employee Not Pursuing Third Party Recovery

When the postal employee has indicated that he or she does not wish to pursue a recovery from a third party and has been requested to and has signed PS Form 2577 the Postal Service, with certain adjustments, is entitled to recover from the third party or his or her insurer the compensation and medical and related expenses paid by OWCP on behalf of the employee. In addition, the Postal Service is entitled to collect on behalf of the employee those damages to which the employee may be entitled. Such damages may consist of payment for pain and suffering sustained by the employee, any damage to the employee's personal property, and out-of-pocket expense not covered by FECA benefits. Upon recovery, the employee is to provided with a copy of PS Form 2556, which indicates the employee's total entitlement. Further, the control office or the control point supervisor should ensure that OWCP district office is provided with copies of all documents pertaining to the recovery.

547.73 Disbursement of Recovered Third Party Funds

When a settlement is made, the control office or control point supervisor makes disbursement of the funds as follows:

a. When the third party check includes OWCP payments only, send the check and PS Form 2556 or 2557, as applicable, directly to OWCP unless the check is made payable to the Postal Service. If this is the case, deposit the check and issue a Treasury check or no-fee money order to OWCP.

b. When the third party check includes OWCP payments and the employee's share, payments issued in installments, COP that has been collected in error, or checks made payable to the postmaster, the following procedures apply:

   (1) Deposit the check or monies in the postmaster's trust account.

   (2) Request a receipt PS Form 3544, *Post Office Receipt for Money.* Include the employee's name and OWCP claim number on the receipt.

   (3) Forward a memorandum (see Exhibit 547.73, Sample Letter G) to the accounting office advising them of the proper disbursement

to be made along with PS Form 2556 or 2557, whichever is applicable.

(4) Have the accounting office issue a no-fee money order or Treasury check that includes the employee's name and OWCP claim number to the appropriate parties, i.e., OWCP and postal employee.

c. For installment payments made by the third party, disbursement should be issued at periodic intervals (3 or 6 months) to the postal employee until the total expected monies from the third party are collected.

547.74 Settlement Verification

The control office or control point supervisor furnishes the employee and OWCP a copy of the PS Form 2556 or PS Form 2557 on all recoveries made.

547.75 Control Point Supervisor Requirements

All efforts on the part of control point supervisors concerning these instructions, to include case closure, settlement, or assistance, must be coordinated with the assigned control office.

547.76 Recovery Assistance

When the control office desires any advice on matters relating to the settlement of a third party recovery case or other legal matters, the appropriate field counsel should be contacted.

547.77 Delegation of Authority

The following are authorized to accept voluntary assignment of an employee's claim against a third party and sign a release on behalf of the Postal Service when requested by the third party or insurance carrier:

a. Manager of Injury Compensation.

b. Qualified control point supervisor.

c. Field counsel.

Exhibit 547.73
Sample Letter G

UNITED STATES POSTAL SERVICE®

[__*date*__]

DISBURSING OFFICER
[__*applicable accounting office*__]

SUBJECT: Recovery Disbursements — Third Party Settlement

The enclosed check or money order in the amount of $ [__*amount*__] represents settlement of a third party claim for:

Name:
SSN:
OWCP Case No.:

These funds are forwarded for disposition (see attached Form 2556 or 2557 for amount of total recovery).

1. Amount due OWCP $ [__*amount*__]
   Send check to:
   U.S. Department of Labor
   [__*applicable district office*__]
2. Amount due employee $ [__*amount*__]
   Send check to:
   [__*employee's name*__]
   c/o Injury Compensation Office

[__*signature*__]
Injury Compensation Supervisor or Specialist

547.8 Third Party Recovery Action — Court Action

547.81 General

FECA provides that an employee who is required to appear as a party or witness in the prosecution of a third party court action is in an active duty status while so engaged (5 U.S.C. 8131(a)(2)). Therefore, when an employee assigns a third party claim to the Postal Service and appears in court as a witness, or when an employee prosecutes a third party claim in his or her own name and appears in court as a party, such an employee is compensated for the court appearance as provided in 547.82.

547.82 Compensation for Court Appearances

The following provisions apply to compensation for court appearances:

a. A postal employee who appears as a witness in a third party action that has been assigned to the Postal Service is in an official duty status for the time spent in court (see 516.41) and for the time spent traveling between the court and the employee's work site. However, any time spent traveling between an employee's residence and the court is considered commuting time and, therefore, is not compensable.

b. An employee who prosecutes a third party action in his or her own name is *not* in an official duty status as that term is defined in 516.41. However, in order to implement FECA provision requiring compensation of such an employee, the Postal Service compensates that employee *as if the employee were in an official duty status*. Accordingly, such an employee is compensated to the same extent as that explained in 547.82a for the time spent in court and for the time spent traveling between the court and the employee's worksite. Any time spent traveling between the employee's residence and the court is considered commuting time and is not compensable.

547.83 Documentation of Court Appearances

An employee who is prosecuting a third party action in his or her own name and who appears in court must document the time required to appear in court on the memorandum, *Third Party Court Appearance Sheet* (see Exhibit 547.83). The employee is considered in an active duty status; therefore, a PS Form 3971, *Request for Notification of Absence,* is not required. Rather, the hours on the time card for third party appearances are recorded as *work only* — and not as court leave or any other type leave. The completed memorandum is to be returned to the control office or control point as appropriate.

547.84 Case Preparation

An employee who is prosecuting a third party action in his or her own name is *not* treated as if in an official duty status for the time spent developing the case. Any time used for this purpose within the employee's regular work schedule is charged to annual leave or LWOP.

Exhibit 547.83
Third Party Court Appearance Sheet

SUBJECT: Third Party Court Appearance
TO: Postmaster/Installation Head
ATTN:

I, the undersigned, attest to the validity and accuracy of the clock times entered below.

I understand that these entries must represent only the time my presence was required in court and, if applicable, travel from and to work.

I also understand that the deliberate furnishing of false information may result in a fine of not more than $10,000 or imprisonment of not more than five years, or both (18 U.S.C. 1001).

_____ _____
Signature of Employee Witness to Signature

EMPLOYEE NAME_____ SSN_____

PAY LOCATION_____IMMEDIATE SUPERVISOR_____

	Relevant Times	Employee's Initials
Date of Appearance:_____		
Time Departed Work (if applicable).....	_____	_____
Time Arrived Court	_____	_____
Time Departed Court	_____	_____
Time of Return to Work (if applicable)	_____	_____

☐ Document additional appearances as follows:

cc: Employee
Timekeeper

	Relevant Times	Employee's Initials
Date of Appearance:_____		
Time Departed Work (if applicable).....	_____	_____
Time Arrived Court	_____	_____
Time Departed Court	_____	_____
Time of Return to Work (if applicable)	_____	_____

	Relevant Times	Employee's Initials
Date of Appearance:_____		
Time Departed Work (if applicable).....	_____	_____
Time Arrived Court	_____	_____
Time Departed Court	_____	_____
Time of Return to Work (if applicable)	_____	_____

	Relevant Times	Employee's Initials
Date of Appearance:_____		
Time Departed Work (if applicable).....	_____	_____
Time Arrived Court	_____	_____
Time Departed Court	_____	_____
Time of Return to Work (if applicable)	_____	_____

	Relevant Times	Employee's Initials
Date of Appearance:_____		
Time Departed Work (if applicable).....	_____	_____
Time Arrived Court	_____	_____
Time Departed Court	_____	_____
Time of Return to Work (if applicable)	_____	_____

550 Unemployment Compensation

551 Overview

551.1 Legal Guidelines

551.11 Administration

The Unemployment Compensation for Federal Employees Program (UCFE) is administered by the states under separate agreements with the U.S. Secretary of Labor. Under these agreements, the states are agents of the United States and take, adjust, pay, or deny claims for unemployment compensation. Based on wage and separation information supplied by the Postal Service, the state agency determines under its state employment security law the postal employee's entitlement to unemployment compensation.

551.12 Liability

Benefit payments are made to former postal employees by the states under the agreements between the states and the U.S. Department of Labor. The Postal Service then reimburses the states through the Department of Labor.

551.13 Illegal Claims

Federal law provides criminal penalties for anyone who knowingly makes a false statement or representation of a material fact, or knowingly fails to disclose a material fact, to obtain or increase for self or for any other individual unemployment compensation benefits for federal employees.

551.2 Qualification Factors

Requirements for unemployment compensation benefits vary from state to state in accordance with each state's employment security law. However, each state law requires that a claimant:

a. Be unemployed or be employed less than full-time as defined by the state employment security law with earnings less than an amount specified in the state law.

b. Register for work and file an unemployment compensation claim at a local state employment security office.

c. Have worked a specified amount of time or have earned a specified amount of wages, or both, within a certain period.

d. Be able to work.

e. Be available for work.

f. Be actively seeking work.

g. Report periodically to the local state employment security office.

551.3 Disqualification Factors

Disqualification provisions vary from state to state. In the majority of states, employment security laws provide for a period of total disqualification or for a penalty period of temporary disqualification for certain types of separations. A former postal employee is not disqualified if the separation was an

involuntary termination of employment for other than misconduct, or if the separation was a voluntary termination or resignation based on good cause. The most common reasons for disqualification are:

a. The claimant was discharged for misconduct.

b. The claimant quit the job voluntarily without good cause.

c. The claimant refused a suitable job without good cause.

551.4 Information to State Employment Security Agencies

551.41 Information Required

The Postal Service furnishes state employment security agencies certain salary and separation information concerning claimants who are or have been employed by the Postal Service. This information is processed and returned to the state agency by the Eagan ASC within 4 workdays after receipt of the request. The information includes:

a. Periods of Postal Service employment.

b. Amount of remuneration for service.

c. Amount of lump sum terminal leave payments and periods of time for which the lump sum payment was made.

d. Reason(s) for separation.

551.42 Privacy Act Requirements

551.421 Authority to Disclose

Release of wage and separation information to a state employment security agency can be made without written authorization from the former Postal Service employee.

551.422 Accountability of Disclosure

To meet the Privacy Act disclosure accounting requirements, the state coordinators described in 552.3 receive from the Eagan ASC copies of Unemployment Compensation for Federal Employees Form ES 931, *Request for Wage Separation Information*; Form ES 934, *Request for Information or Reconsideration of Federal Findings*; Form ES 936, *Request for Verification of UCFE Wage and Separation Information Furnished on Form ES 931*; and PS Form 2342, *Request: Unemployment Compensation Data*, and PS Form 6803, *Wage and Separation Information (ES 931) (3-part continuous*). These forms are to be retained by the state coordinator for a period of 3 years. The Eagan ASC maintains the PS Form 6803 Issue Report (Program No. PHE100) on microfiche for a period of 5 years. State coordinators are to maintain hearings and appeals case files for 5 years. Official Postal Service records control schedules should be consulted to determine retention requirements by state coordinators and installation heads.

552 Responsibilities

552.1 Headquarters

552.11 Functional Administration

The functional responsibility for the development, implementation, and control of the national Postal Service Unemployment Compensation

Program is assigned to the vice president of Employee Resource Management.

552.12 Daily Administration

The administration of the unemployment compensation program for Headquarters units, Headquarters-related units, and in field organizations, is assigned to the Postal Service state coordinators (see 552.3) in which these units are physically located.

552.2 Areas

The area Human Resources managers have oversight responsibility for the unemployment compensation program for the states in their geographic area. They coordinate as necessary when state lines overlap with a contiguous area. The managing field counsel in the area:

a. Participates in hearings before the state referees and prepares appeals to state courts.

b. Assists Postal Service state coordinators in interpreting legal guidelines and Privacy Act requirements.

552.3 State Coordinators

552.31 Administration

The area Human Resources manager designates an office in the capital city within each state to coordinate the unemployment compensation activities for all Postal Service installations in that state. The functional responsibility for the state program administration is assigned to the ranking Human Resources official in that office. This official selects one employee as state coordinator for program administration responsibility.

552.32 Responsibilities

The designated state coordinator:

a. Administers Postal Service policy on unemployment compensation within the respective state or jurisdiction.

b. Establishes a communication channel with the state employment security agency and becomes familiar with the state unemployment compensation policies, procedures, and laws.

c. Reviews appropriate forms, correspondence, and claim determinations to establish that each unemployment compensation claim filed by a present or former postal employee is justified and that the information provided by the claimant is valid.

d. Initiates appeals on claims determined to be unjustified.

e. Ensures that the referees adjudicating appeals are provided with all appropriate and necessary information whether the appeal is initiated by the Postal Service or the claimant.

f. Notifies appropriate offices to prepare material necessary for appeals.

g. Attends unemployment compensation appeal hearings conducted by state referees or arranges for such representation by the post office in which the claimant was or is employed.

h. Refers recommendations for final appeal cases to the managing general counsel for the state along with appropriate supporting information.

i. Contacts the appropriate postal installation upon receipt of PS Form 6803 (ES 931), to ascertain the reason(s) for separation or the nonpay status of a claimant when the Eagan ASC cannot supply this information.

j. Monitors the preparation of separation forms and information provided by the Eagan ASC and identifies areas where incomplete or inaccurate information could generate unjustified unemployment compensation claims and subsequent payment.

k. Provides the Eagan ASC with required information in order to resolve problems concerning individual employees.

l. Maintains program records in accordance with official Postal Service records control schedules.

m. Serves as liaison for Headquarters in dealing with state employment security agencies.

552.4 Installation Heads

552.41 Completion of PS Form 50, Notification of Personnel Action

Installation heads:

a. Ensure the accurate and timely completion of PS Form 50 and SF 8, *Notice to Federal Employees About Unemployment Insurance,* when initiating separation actions (see 553.11 and 553.12).

b. Submit PS Form 50 as expeditiously as possible for processing.

552.42 Cooperation With Postal and State Authorities

Installation heads:

a. Provide full cooperation to Postal Service state coordinators when supplemental information is required.

b. Cooperate with Postal Service state coordinator requests for witnesses to appear before state appeal hearings to testify about the reason(s) a former employee was separated.

c. Give direct responses to state employment security agency requests for additional separation information (Form ES 934) (see 553.22).

552.5 Eagan Accounting Service Center

552.51 Initial Response

The Eagan ASC:

a. Completes PS Form 6803 (see 553.13) in response to state agency requests for wage and separation information (Form ES 931) within 4 working days after receipt of the request.

b. Retains a copy of each PS Form 6803 submitted to state agencies (Privacy Act accounting requirements) on microfiche and distributes a copy of PS Form 6803 to the appropriate Postal Service state coordinator.

c. If separation or wage information is unavailable at the Eagan ASC, forwards PS Form 6803 (and Form ES 931) to the appropriate Postal Service state coordinator requesting that PS Form 6803 be completed and returned to the state agency.

552.52 Additional Information

The Eagan ASC responds to state agency requests for additional information on Form ES 934 and verifies Form ES 931 on Form ES 936 within 4 working days after receipt (see 553.22 and 553.23).

553 Explanation of Forms and Procedures

553.1 Postal Service Procedures

553.11 PS Form 50

Personnel offices:

a. Complete PS Form 50 in an accurate and timely manner when separating an employee.

b. Enter the three-digit unemployment compensation code that most accurately describes what the Postal Service believes to be the reason(s) that the employee was separated in the appropriate block on PS Form 50.

c. Ensure that all additional information relating to the reason(s) for separation is incorporated into the remarks section of PS Form 50. (In those instances when the employee's reason(s) for separation differ from the Postal Service's reason(s), personnel offices enter the standard remarks message (Standard Code 542) on PS Form 50.) This standard remark states that a difference in separation reason(s) does exist and will be furnished upon request.

d. State the fact of the issuance of SF 8 in the remarks section of PS Form 50.

553.12 SF 8, Notice to Former Employee About Unemployment Insurance

SF 8 explains an employee's eligibility for unemployment compensation and describes the steps to be taken in filing a claim. Personnel offices complete SF 8 by entering at top of form the employee's name, Social Security number, and pay location. In item 3 personnel offices enter #732 on the extreme right side and then enter the address of the Eagan ASC:

PAYROLL PROCESSING/UNEMPLOYMENT
USPS EAGAN ASC
2825 LONE OAK PKWY
EAGAN MN 55121-9635

SF 8 is issued promptly to the employee by the separating personnel office so that he or she does not lose unemployment compensation benefits to which he or she may be entitled. An individual whose work or tours of duty are on an intermittent basis is issued an SF 8 only the first time in each

calendar year that he or she is placed in a nonpay status. However, a completed SF 8 is issued to an employee each time the employee:

a. Separates from the Postal Service for any reason.

b. Transfers to another federal agency.

c. Is (or will be) placed in a nonpay status for 7 or more consecutive calendar days.

SF 8 is issued on the employee's last workday. The date is to be noted in the remarks section of PS Form 50.

553.13 PS Form 6803, Wage and Separation Information (ES 931)

553.131 Completion

The Eagan ASC:

a. Completes PS Form 6803 in response to a state agency's request for wage and separation information (Form ES 931, see 553.21).

b. Extracts wage and separation information from the Automated ES 931 System and enters it on PS Form 6803.

c. Attaches two copies of PS Form 6803 to Form ES 931 and returns them to the state agency within 4 workdays after receipt of the request.

d. Forwards one copy of PS Form 6803 to the appropriate Postal Service state coordinator and retains a copy for Privacy Act accounting requirements (see 551.422).

553.132 Incomplete Information

When a PS Form 50 has not been processed, the separation information is not entered into the automated ES 931 system. In such circumstances, the Eagan ASC immediately forwards all three copies of PS Form 6803 (and Form ES 931), with the wage portion completed, to the appropriate Postal Service state coordinator, requesting that the separation portion of PS Form 6803 be completed.

Upon completion of PS Form 6803, the state coordinator attaches two copies of PS Form 6803 to Form ES 931 and forwards them to the state agency, retaining copies.

The same control and processing of PS Forms 6803 are used when the automated ES 931 system fails to complete wage and separation information except that the Postal Service state coordinator sees that both the information and separation information are provided.

553.133 Erroneous Findings

If the Eagan ASC ascertains at any time within 1 year after it has returned a completed PS Form 6803 (Form ES 931) to a state agency that any of its findings were erroneous, it must promptly correct the error and forward corrected findings to the appropriate state agency.

553.2 State Agency Forms and Procedures

553.21 Form ES 931

When a former Postal Service employee (or an employee who works less than full-time as defined in the state employment security law with earnings less than an amount specified in the state law) applies for unemployment compensation

at a state employment security office, the state agency sends Form ES 931 to the Eagan ASC (see 553.13) as indicated on the claimant's SF 8.

The Eagan ASC responds to the state agency by extracting the requested wage and separation information from the automated ES 931 system on PS Form 6803 (see 553.13).

553.22 Form ES 934

553.221 Reason for Form ES 934

If the Eagan ASC provides inadequate data on PS Form 6803, the state agency may request additional information on Form ES 934. If Form 934 cannot be processed within the 4-workday time period, the Eagan ASC or separating installation must immediately notify the state agency when it can expect to receive a completed Form ES 934.

553.222 Request for Wage Information

The Eagan ASC completes the form and returns it directly to the state agency within 4 workdays after receipt. A copy of Form ES 934 is sent to the respective Postal Service state coordinator by the stage agency. The Eagan ASC retains a copy of the completed Form ES 934 for Privacy Act accounting requirements.

553.223 Request for Separation Information

If the state agency sends Form ES 934 directly to the employee's separating installation, the installation completes the form and returns it to the state agency within 4 workdays after receipt of the request. A copy of Form ES 934 is sent to the appropriate Postal Service state coordinator by the state agency. A copy of Form ES 934 is retained by the postal installation and one copy is forwarded to the Eagan ASC for Privacy Act accounting requirements.

553.224 Request for Wage and Separation Information

The state agency sends Form ES 934 to the Eagan ASC, which inserts the requested wage information and forwards the form to the separating installation.

The postal installation:

a. Inserts the requested separation information and returns the form directly to the state agency within 4 workdays after receipt.

b. Returns a copy of Form ES 934 to the Eagan ASC for Privacy Act accounting requirements and retains one copy.

The state agency sends a copy of Form ES 934 to the appropriate Postal Service state coordinator.

553.23 Form ES 936, Verification of ES 931 (PS Form 6803)

State agencies request the Eagan ASC to verify a sampling of PS Forms 6803 completed by the Eagan ASC semiannually on Form ES 936.

A Form ES 936 shows the name of the claimant, Social Security number, payroll account number (if available), and the date that the PS Form 6803 was requested.

Form ES 936 is completed, when possible, by a person other than the one who prepared the related PS Form 6803. If the verification is made by the same person, Form ES 936 is reviewed by an authorized certifying officer.

Form ES 936 must be completed and returned to the requesting state agency within 4 workdays after receipt of the request.

554 Appeals

554.1 State Law Requirements

State employment security laws provide for (a) administrative appeals at two levels in state agency proceedings and (b) appeals to state courts. Appeals may be initiated by the claimant or by the Postal Service.

The state agency's notice of determination of a claimant's benefit rights includes (a) the determination and the basis for it and (b) information concerning appeal rights and the time within which an appeal may be filed.

554.2 Initial Level Appeals by Claimants

All claimants, including former probationary employees, have the right to request additional information (see 553.22) for clarification of Postal Service findings or to correct errors and omissions in their records. If a claimant is not satisfied with a state agency's determination, the claimant has the right to appeal the determination. Notices of such appeals received by postal managers are referred to their respective Postal Service state coordinators (see 554.414).

554.3 Initial Level Appeals by the Postal Service

554.31 Cause to Appeal

If the Postal Service believes that a state agency's determination in awarding unemployment compensation is incorrect, the Postal Service may appeal the determination under the applicable state employment security law.

554.32 Initiation of Appeal

The Postal Service state coordinator files an appeal whenever:

a. The state agency appears to have misinterpreted or disregarded the Postal Service's findings.

b. The Postal Service believes the determination is not in accordance with the provisions of the state employment security law.

554.4 Postal Service Participation in Appeals

554.41 Representation

554.411 Preparation for Appeal

The Postal Service state coordinator:

a. Ensures that the Postal Service is represented at state unemployment compensation appeal hearings (representation should include Postal Service employee(s) with first-hand knowledge of the case).

b. Ensures that all documented evidence that supports the Postal Service's position is submitted.

554.412 **Appearance As a Witness**

A postal representative with first-hand knowledge of the case in question who appears before a state appeal hearing as a witness on behalf of the Postal Service provides evidence concerning the facts that support Postal Service findings. Evidence provided at state appeal hearings may be in the form of oral testimony or written documentation. (For sources of information to be used as evidence, see 554.43.)

554.413 **Appearance As an Appellant**

When the Postal Service initiates an appeal against a state agency's determination (see 554.31), the Postal Service state coordinator ensures the presence of a postal representative at the state appeal hearing. The postal representative is an individual who has first-hand knowledge of the facts in the appeal case. The representative offers oral testimony or written documentation as argument in support of the Postal Service findings. (For sources of information to be used as evidence, see 554.43.)

554.414 **Appearance As an Appellee**

When the Postal Service receives a notice of an appeal hearing in which it is an appellee, the Postal Service state coordinator reviews the facts of the case and notifies a postal representative having first-hand knowledge of the case to appear on its behalf. The representative presents oral testimony or written documentation (see 554.43) in support of Postal Service findings.

554.42 New Evidence by Claimant

In those appeal hearings in which a claimant introduces new evidence, the Postal Service representative either replies with Postal Service evidence and arguments or requests a continuation of the case in order to prepare a response to the new evidence.

554.43 Disclosure of Information

554.431 **Routine**

During a state unemployment compensation appeal hearing, the Postal Service has the legal authority to disclose all relevant information from any of the systems of records appearing in the list in chapter 3 of the *Administrative Support Manual* (ASM). All postal records presented as evidence during state appeal hearings are excised of all irrelevant information not pertaining to the claimant's reason(s) for separation and for the appeal or the Postal Service's reason(s) for separation of the claimant and for the appeal.

554.432 **Medical Records**

Only medical information that directly relates to the reason(s) the claimant was separated can be presented as evidence during a state appeal hearing. However, in those instances in which the relevant information contains a reference to a malignancy or mental condition, a medical officer is contacted for the purpose of determining whether the claimant previously has been made aware of its existence. If the claimant has not been made aware of the condition, the information is not to be disclosed. If such evidence is essential to the Postal Service case, a cautionary statement is sent to the state referee prior to the hearing, indicating the importance of such evidence and the possible psychological effect it may have on the claimant if released during the hearing.

554.433 **Inspection Service Records**

Whenever documents originated by the Inspection Service are involved in an appeal hearing, the appropriate inspector in charge is notified by the Postal Service state coordinator. The material in question is referred to the chief postal inspector for review and approval prior to release.

554.434 **Managing Field Counsel**

The managing field counsel for the area is consulted when any questions or problems arise in interpreting Postal Service Privacy Act regulations or interpreting implementation instructions. The chief field counsel is consulted if:

a. Disclosure of certain relevant information contained in Personnel Investigation Records may reveal the identity of a source who has requested confidentiality.

b. Disclosure of certain relevant information contained in either Personnel Research and Test Validation Records, or Recruiting, Examining, Training, and Placement Records might jeopardize the fairness or objectivity of an examination process.

554.5 Appeals (Second Level) to State Appellate Board

Either the claimant or the Postal Service may appeal a determination made by the initial level state appeal authority to the second level state appellate authority, which is usually the State Appeals Board. The initial level appeal determination indicates the basis for such a determination, as well as the time frame in which an appeal can be filed. When a Postal Service state coordinator receives an initial level appeal determination that continues to contradict the Postal Service findings based on either of the reasons outlined in 554.32, the Postal Service state coordinator files an appeal based on such arguments. Participation by the Postal Service in second level state appeals are conducted in the same manner as in the initial level appeal process (see 554.4).

554.6 Postal Service Appeals to State Courts

When a determination has been rendered by a State Appellate Board that continues to contradict Postal Service findings, the Postal Service state coordinator immediately contacts the managing field counsel, who initiates appeals to state courts.

560 Civil Service Retirement Program

Additional Material:
References to additional material concerning the subject matter in some sections of this chapter are indicated in boxed sections identified as "Reference Notes."

561 General

Reference Note:
For additional material concerning the subject matter found in 561, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapters 10 and 20.

561.1 Scope

Subchapter 560 covers the Civil Service Retirement System (CSRS) only. Information concerning the Federal Employees Retirement System (FERS) will be covered in subchapter 580.

561.2 Administration

The Office of Personnel Management (OPM) administers the CSRS. The CSRS law, policies, and regulations issued by OPM, including those governing employee eligibility and benefits, are controlling in the event of conflict with the information contained in this subchapter.

561.3 Employees Covered

The CSRS applies to:

a. Employees serving under a career appointment, effective before January 1, 1984.

b. Employees who received a career appointment before January 1, 1984 and who had a break in service of less than 1 year since 1983.

c. Employees who are rehired after 1983 with a break in service exceeding 1 year and who had performed 5 or more years of federal civilian service prior to January 1, 1987.

   Note: These employees are CSRS Offset employees and, therefore, also covered by the Social Security System.

d. Employees in positions subject to the CSRS who transfer to temporary, indefinite, or other excluded positions without a break in service, or with a break in service not exceeding 3 days.

561.4 CSRS Offset

CSRS Offset employees are eligible for a CSRS annuity just as if they were covered by CSRS alone, except that the annuity payment is reduced (offset) when the employee becomes eligible for Social Security. The offset is made (even if the employee does not apply for Social Security) when the basic requirements for Social Security are met, usually at age 62. The amount of

the offset is the amount of the Social Security benefits attributable to the employee's service after 1983 covered by both CSRS and Social Security.

561.5 Exclusions

The CSRS does *not* apply to:

a. Casual employees, except as provided in 561.3d.

b. Employees serving under appointments limited to 1 year or less. (If individuals have previously served in positions in the Postal Service or other federal government agencies where they were covered by the CSRS, there must be a break of at least 4 days between such previous service and the casual or temporary appointment in the Postal Service.)

c. Employees serving under temporary appointments pending establishment of a register or pending final determination of eligibility for permanent appointment.

d. Employees paid on a contract or a fee basis such as mail messengers, star route contractors, and clerks in charge of contract stations.

e. Officers-in-charge, unless they are covered in a position specified in 561.3d.

f. Clerks in post offices in Cost Ascertainment Group (CAG) L and special delivery messengers who are in post offices in CAG H, J, K, and L.

g. Substitute rural carriers and rural carrier relief/rural carrier associates, unless they fall under the exception specified in 561.3d.

h. Job cleaners.

i. Individuals hired for emergencies such as fires, floods, earthquakes, etc.

j. Employees subject to another federal government retirement system.

562 Creditable Service

Reference Note:
For additional material concerning the subject matter found in 562 through 562.251, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapters 10 and 20.

562.1 General

562.11 Types of Service

Generally, both civilian and military service performed for the federal government is creditable for retirement purposes.

562.12 Time Credit

Generally, full-time credit is allowed for periods of government employment between the dates of an employee's appointment and separation.

Full-time credit is not allowed, e.g., when an employee is serving on a "when-actually-employed" basis or when an employee is in nonpay status in excess of 6 months in a calendar year (see 562.255).

562.2 Federal Civilian Service

562.21 General

562.211 Federal/District of Columbia

With certain exceptions, service creditable under the CSRS is federal and District of Columbia government employment that meets *all* the following tests:

a. The employee was engaged in the performance of federal functions under authority of an act of Congress or an Executive Order.

b. The employee was appointed or employed by a federal officer in his official capacity as such.

c. The service was performed under the supervision and direction of a federal officer.

562.212 Breaks In Service

Breaks in service are treated as follows in the computation of creditable service:

a. Periods of separation of 3 calendar days or less are not deducted in computing total creditable service.

b. Periods of separation which total more than 3 days are deducted in computing total creditable service, except in certain instances when injury compensation benefits are received (562.252).

562.213 Deductions Refunded

Service for which retirement deductions have been refunded to the employee is creditable in establishing eligibility for annuity. This service may also be used in computing high-3 average pay (566.25), if appropriate. If redeposit is not made, such service is not included in calculating length of service for annuity computation purposes.

562.22 Service Covered by Social Security

Civilian service covered by Social Security (FICA) is creditable for retirement purposes if such service is followed by employment which is subject to the retirement system.

562.23 Part-Time Employment

562.231 Part-Time Regular Employees

Employees who serve on a part-time basis (non-full-time service with a prearranged regularly scheduled tour of duty) such as 4 hours a day, 5 days a week are allowed full calendar credit for all time elapsing between dates of appointment and separation.

562.232 Part-Time Flexible Employees

The service of a part-time flexible schedule employee, including substitute rural carriers, is fully creditable from the date of original appointment to the date of separation. Periods during which the employee was on furlough are creditable only if the periods of absence in the aggregate do not exceed 6 months in any calendar year.

562.233 **Annuity Proration**

Retirement benefits based on part-time employment performed on or after April 7, 1986 will be reduced by a ratio of part-time hours to the number of hours the employee would have worked had employment been full-time.

562.24 Intermittent Service

With the exception of service as a part-time flexible employee or substitute rural carrier (see 562.23), an employee serving on an intermittent basis (non-full-time service without a prearranged regularly scheduled tour of duty) receives credit, for retirement purposes, for *only* the actual days in a pay status. This type of service includes Rural Carrier Relief, Rural Carrier Associate, and Postmaster Relief Leave Replacement.

562.25 Special Circumstances

562.251 **Japanese-American Employee**

The following provisions apply:

a. *Conditions.* Special retirement credit is granted to employees of Japanese ancestry who meet the following conditions:

(1) The employee must have been employed on July 15, 1952 by the federal government in a position covered by the CSRS.

(2) At some time during the period from December 7, 1941 to September 3, 1945, by reason of United States Policy or program or to enter the U.S. Armed Forces, the employee must have:

(a) Been separated from the federal service, or

(b) Lost opportunity for, or been denied, probational appointment from a Civil Service register, or

(c) Been denied reinstatement to a position in the federal service.

b. *Creditable Time.* An employee meeting conditions in 562.251a receives retirement credit for:

(1) The period of internment;

(2) The period for which loss of opportunity for, or denial of, appointment occurred;

(3) The period which resulted from denial of reinstatement; or

(4) The period which resulted from separation from the service.

c. *Installation Head Responsibility.* When, based on documented evidence, an employee is found eligible for such special retirement (and leave) credit, installation heads prepare personnel action forms to adjust personnel and retirement records.

562.252 Employee Receiving OWCP Benefits

Reference Note:
For additional material concerning the subject matter found in 562.252, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 102.
- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapters 10 and 20.

The following provisions apply:

a. *Employee on Leave Without Pay (LWOP) Status.* Credit is allowed for the entire period that an employee receives Office of Workers' Compensation Program (OWCP) benefits if the employee is carried on the postal rolls in LWOP status.

b. *Employee Separated from Postal Service.* Credit is allowed for a period of separation during which a former employee (not an annuitant) was in receipt of OWCP benefits, provided the employee is later reemployed in the Postal Service (or federal service). Annuitants who are reemployed after a period of separation during which they received OWCP benefits in lieu of an annuity receive credit for the separation only after they have qualified for a redetermination of the annuity. See 566.52, Redetermination of Annuity.

562.253 Employee Restored After Erroneous Removal or Suspension

Reference Note:
For additional material concerning the subject matter found in 562.253 through 562.255, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapters 10 and 20.

The following provisions apply:

a. *Policy.* An employee whose separation or suspension is determined to have been improper and who is restored retroactively is considered for retirement purposes as having properly been in the service during the intervening period of erroneous separation or suspension.

b. *Determining Retirement Credit:*

(1) If restoration is with entitlement to pay, the employee's basic pay over the intervening period is subject to regular retirement deductions and the employee receives credit for the entire period.

(2) If restoration is without entitlement to pay, retirement credit is allowed for as much of the intervening period without pay as does not exceed 6 months in any calendar year.

c. *Redeposit Requirement.* An employee who received a refund of retirement deductions before restoration must redeposit the refund in order to be eligible for any future annuity based on the period covered by the refund.

562.254 **Employee Granted LWOP to Serve in Employee Organizations**

If an employee is granted LWOP to serve as a full-time officer or employee of an employee organization composed primarily of federal/postal employees, the following action is taken:

a. Employing Office:

(1) Notifies the employee of the employee's right to elect to continue retirement coverage. (The employee's election must be in writing.)

(2) Sets up a follow-up system to remind employees that election must be filed within 60 days after employee enters LWOP status.

(3) Makes a final effort to urge employees to make an election.

(4) Documents the action taken if, after the employees have been contacted, they continue to refuse to make an election. Failure to make an election is considered an election not to continue retirement coverage. A copy of the election (or installation head's documentation) is filed in the employee's official personnel folder.

b. Employee:

(1) Files an election to continue retirement coverage for as long as in LWOP status. The election must be filed with the installation head within 60 days after LWOP begins.

(2) Pays or arranges to have paid to the Eagan ASC (if elects to continue retirement coverage), on a current basis, both the current percentage of salary retirement deductions and the matching agency contribution which would be applicable if the employee were in pay status.

c. Declination of Coverage:

(1) *Credit Not Allowed.* If an employee on LWOP serving in an employee organization declines to continue retirement coverage, this time is not creditable for retirement purposes. This time is also not allowed for any other purpose in which service creditable for retirement is used as a criterion (e.g., leave or job retention).

(2) *Retirement/Death on LWOP.* If the employee retires or dies while on LWOP, annuity or survivors' annuity rights are determined as of the day preceding the one on which the employee entered on LWOP.

562.255 **Employee on Leave of Absence**

An employee on leave of absence is granted credit for:

a. All leave with pay.

b. Time on the rolls in a nonpay status (i.e., LWOP, suspension, furlough, and Absence Without Leave (AWOL)), not exceeding 6 months in the aggregate in any calendar year, except when the entire time is creditable as provided in 562.252, 562.254, and 562.3.

562.3 Military Service

Reference Note:
For additional material concerning the subject matter found in 562.3, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapters 22 and 23.

562.31 Types of Service

562.311 Military Groups

Retirement credit is allowed for honorable active service in the Army, Navy, Air Force, Marine Corps, Coast Guard and, after June 30, 1960, in the Regular or Reserve Corps of the Public Health Service of the United States, and, after June 30, 1961, as a commissioned officer of the National Oceanic and Atmospheric Administration (formerly Coast and Geodetic Survey and Environmental Science Services Administration).

562.312 Reserve Components

Active duty for training in the reserve components of these services is also creditable. Inactive duty time while in the reserve components of these services is not creditable.

562.313 Military Academies

Service as a midshipman at the U.S. Naval Academy and as a cadet at the U.S. Military Academy, Air Force Academy, or Coast Guard Academy constitutes military service and is also creditable for retirement purposes.

562.314 National Guard Service

The following provisions apply:

a. National Guard Service is creditable only when:

(1) The organization is activated into the actual services of the United States, or

(2) The employee is ordered to active duty service or training as a member of the United States Armed Forces Reserves under one of the following authority:

(a) Section 233(d) Armed Forces Reserve Act of 1952.

(b) A provision of Title 10, United States Code.

b. National Guard service or training periods are not creditable under the following circumstances:

(1) Service performed before January 1, 1953, and not directly under a call by the President of the United States.

(2) Service performed for a state government or duty called for by a governor of a state.

562.315 Military Service Prior to January 1957

Military service performed prior to January 1957 is creditable for retirement purposes. Full credit is allowed without making contributions to the retirement fund to cover such service.

562.316 **Military Service After December 31, 1956**

The following provisions apply:

a. *Employed On or After October 1, 1982.* Employees who are first employed in a position subject to the CSRS on or after October 1, 1982 will not receive credit for their post-1956 military service unless a service credit deposit is made for that military service. (See 562.34.)

b. *Employed Before October 1, 1982.* Employees who were first employed in a position subject to the CSRS before October 1, 1982 have the option of either:

(1) Making the service credit deposit for their post-1956 military service as specified in 562.34; or

(2) Receiving credit for their post-1956 military service, and having their annuity recomputed at age 62 to eliminate post-1956 military service if they are eligible for Social Security Old-Age or survivor benefits. See Handbook EL-504, *Post-1956 Military Service Credit Deposits*, for procedures on making deposits for post-1956 military service.

562.32 Required Conditions

Military service must have been performed before the date of separation on which title to annuity is based and must have been terminated by honorable discharge or terminated under other honorable conditions.

562.33 Double Credit Not Permitted

Military service is not creditable if the employee receives retired pay unless the retired pay is awarded under conditions listed in 562.35. An employee may not receive credit for both civilian service and military service covering the same periods of time.

562.34 Service Credit Deposit Required

562.341 **Amount of Deposit**

The deposit for post-1956 military service for CSRS purposes is 7 percent of basic military pay plus interest.

562.342 **Charging Interest**

The following provisions apply:

a. *Grace Period.* No interest is charged if a deposit for post-1956 military service was completed by September 30, 1986 or within 3 years after the date the employee was first hired in a position subject to CSRS, if later.

b. *Rate of Interest.* The rate of interest is a variable rate which is compounded annually. The variable rate of interest is determined by the Secretary of the Treasury each calendar year on the basis of the average yield of new investments purchased by the Civil Service Retirement and Disability Fund during the previous year.

562.35 Military Retired Pay

562.351 CSRS Annuity

The receipt of military retired pay bars the crediting of military service toward CSRS annuity except when:

a. The retired pay is awarded because of a disability incurred in combat with an enemy of the United States or caused by an instrument of war and incurred in line of duty during a period of war, or

b. The retired pay is granted under 1331 through 1337 of Chapter 67, Title 10, U.S. Code, which pertains to retirement from a reserve component of the armed forces on the basis of service instead of disability.

c. The employee waives the retired pay.

562.352 Waiver of Military Retired Pay

The following provisions apply:

a. *General.* An applicant for annuity receiving military retired pay which bars the use of the military service in the computation of a CSRS annuity may elect to give up military retired pay. The military service may then be added to the civilian service in computing the CSRS annuity.

b. *Procedures.* An employee retiring from the Postal Service who decides to waive military retired pay:

(1) Notifies the Military Finance Center at least 60 days before the retirement date of the decision to waive military retired pay in order to receive credit for the military service for computing the CSRS annuity. The notice includes: (a) the employee's full name, military rank, and serial number; (b) the desired date that retired pay is to stop (the day before annuity begins); and (c) a request that the Military Finance Center notify OPM of the effective date of the waiver.

(2) Attaches a copy of the waiver request to SF 2801, *Application for Immediate Retirement*, so that OPM knows a waiver has been requested. If the retired pay finance center's acknowledgment of the waiver is received before the retirement application is submitted to OPM (through the Eagan ASC), attaches a copy of the Military Finance Center's acknowledgment of the waiver.

562.4 Credit For Unused Sick Leave

Reference Note:
For additional material concerning the subject matter found in 562.4, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 50.

562.41 Eligibility

Unused sick leave to an employee's credit is used in computing service for annuity purposes if the employee: (a) retires on an immediate annuity or (b) dies leaving a survivor entitled to an annuity.

562.42 Method of Computing

After it is determined that an employee meets the minimum length of service required for retirement, any unused sick leave to the employee's credit is converted to years, months, and days on the basis of a 260-day work year and added to the employee's total service time. (See 562.5.) The employee's high-3 average pay is then determined and annuity is computed.

562.43 Restrictions

Credit for unused sick leave is allowable only for annuity purposes. It is not allowable for other purposes in which service creditable for retirement is used as a criterion, such as leave or job retention.

562.5 Computing Total Length of Service

Total service on which an annuity is based, including periods of military service and unused sick leave, is counted in full years and months. Any fractional part of a month is not counted.

563 Annuities — Requirements and Procedures

563.1 General Requirements

Reference Note:
For additional material concerning the subject matter found in 563.1, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 41.

563.11 Conduct

An annuity may not be paid to any employee who has ever been convicted of an offense involving the national security of the United States.

563.12 Time

To be eligible for an annuity an employee must:

a. Have a minimum of 5 years of creditable civilian service.

b. Complete, within the last 2-year period before separation on which retirement is based, at least 1 year in employment covered by the CSRS, except when an annuity is payable because of total disability.

563.13 Age and Service

Employees separated for any reason, except as stated in 563.11, are eligible for optional retirement and an immediate annuity if they meet one of the following combinations of age and service:

a. Age 62 with 5 years of creditable civilian service.

b. Age 60 with 20 years of creditable service, including 5 years of creditable civilian service.

c. Age 55 with 30 years of creditable service, including 5 years of creditable civilian service.

563.2 Requirements and Procedures by Type of Separation

563.21 Involuntary Separation

Reference Note:
For additional material concerning the subject matter found in 563.21, refer to:
- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 44.

563.211 Additional Requirements

An employee who is involuntarily separated from the service (not for cause) may apply for an immediate annuity if the employee meets the general requirements in 563.1 and:

a. Has 20 years of creditable service, including 5 years of creditable civilian service, and is 50 years of age or over; or

b. Has 25 years of creditable service, including 5 years of creditable civilian service, regardless of age.

563.212 Reduced Annuity

If the retiring employee is under age 55, the basic life annuity rate is reduced by one-sixth of 1 percent for each full month (2 percent a year) that the employee is under age 55.

563.22 Mandatory Retirement

Reference Note:
For additional material concerning the subject matter found in 563.22, refer to:
- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapters 43 and 46.

Law enforcement officers (e.g., Postal Inspectors) are the only postal employees subject to mandatory retirement because of age. Information on mandatory retirement for these employees can be obtained from the:

CHIEF POSTAL INSPECTOR
US POSTAL SERVICE
475 L'ENFANT PLZ SW
WASHINGTON DC 20260-2100

563.23 Disability Retirement Requirements

Reference Note:
For additional material concerning the subject matter found in 563.23, refer to:
- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 60.

563.231 Service

The employee must have completed at least 5 years of creditable civilian service.

563.232 **Total Disability**

An employee must, while employed under the CSRS, become totally disabled because of disease or injury, to render useful and efficient service in the position occupied and all vacant positions in the employing agency and commuting area at the same grade or pay level and tenure to which the employee is qualified for reassignment. The Civil Service Retirement (CSR) law governing the disability retirement program provides that an employee of the United States Postal Service is not qualified for reassignment if:

a. The reassignment is to a position in a different craft; or

b. The reassignment is inconsistent with terms of the collective bargaining agreement covering the employee.

563.233 **Conduct**

The disease or injury which caused the disability must not be the result of vicious habits, intemperance, or willful misconduct on the employee's part within the 5-year period immediately prior to becoming disabled.

563.3 Deferred Annuity

Reference Note:
For additional material concerning the subject matter found in 563.3, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 45.

An employee is eligible for a deferred annuity at age 62 if the employee:

a. Leaves the CSRS before qualifying for an immediate annuity;

b. Has at least 5 years of creditable civilian service;

c. Has worked at least 1 year under the CSRS within the 2 years immediately preceding the separation on which the deferred annuity is based; and

d. Leaves his or her retirement contributions in the Civil Service Retirement and Disability Fund.

564 Types of Annuities

564.1 Annuity Without Survivor Benefits

Reference Note:
For additional material concerning the subject matter found in 564.1, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 50.

This type of annuity provides payments at an unreduced rate during the life of the retiring employee. It does not provide survivor benefits. (See 564.24 for current spouse's consent in the case of a married employee.)

564.2 Annuity with Survivor Benefits

564.21 Annuity to Current and/or Former Spouse(s)

Reference Note:
For additional material concerning the subject matter found in 564.21, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 50.

564.211 General

This type of annuity provides a retiring employee with annuity payments at a reduced rate and, upon the annuitant's death, provides the current and/or former spouse(s) with survivor annuity payments. An annuity with full survivor benefits to the current spouse is automatic for a retiring employee who is married at retirement and who does *not* make an election for an annuity without survivor benefits.

564.212 Current Spouse Eligibility

To be eligible for a survivor annuity after the death of an annuitant, the current spouse must have been married to the annuitant for at least 9 months or a parent of the annuitant's child. This requirement does not apply if the annuitant's death is accidental.

564.213 Election of Former Spouse Annuity

To elect a former spouse annuity, the retiring employee must have been married to the former spouse for at least 9 months.

564.214 Annuity Limitation

The total survivor annuity(ies) that can be provided to a current spouse and/or one or more former spouses cannot exceed 55 percent of the retiring employee's unreduced annuity.

564.215 Reduction in Employee's Annuity

The reduction in the retiring employee's annuity is 2 1/2 percent of any amount up to $3,600, specified as the base for the survivor benefit, plus 10 percent of any amount over $3,600 so specified.

564.216 Effective Date

The survivor annuity(ies) begins on the day after the annuitant's death and ends on the last day of the month preceding the one in which the designated survivor remarries before age 55 or dies. (See 567.16 for eligibility for continuance of annuity for a designated survivor upon remarriage under age 55.)

564.22 Annuity to Former Spouse Based on Court Order

Reference Note:
For additional material concerning the subject matter found in 564.22 through 564.25, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 52.

564.221 General

OPM must honor a court order/divorce decree that gives (awards or requires a retiring employee to provide) a survivor annuity to a former spouse. A court-ordered former spouse annuity takes precedence over an election to provide a survivor annuity to a current spouse. A retiring employee's annuity will be automatically reduced by OPM to provide a court-ordered former spouse annuity.

564.222 Current Spouse Election

If a former spouse is entitled to a court-ordered survivor annuity, the retiring employee must make an election concerning a survivor annuity for the current spouse as if there were no court-ordered former spouse annuity. (See 564.24 for current spouse's consent if less than a full survivor annuity is elected.)

564.223 Protection of Current Spouse's Entitlement

A retiring employee can protect a current spouse's entitlement to a survivor annuity by electing a full or partial survivor annuity for the current spouse at retirement. This is accomplished when:

a. The court order gives the former spouse the maximum survivor annuity; in which case the current spouse would not be entitled to a survivor annuity, based on the amount elected, until the former spouse loses entitlement (because of remarriage before age 55 or death); and

b. The court order gives the former spouse less than the maximum survivor annuity; in which case the current spouse would be entitled to a partial survivor annuity up to the amount elected, but not exceeding the difference between the court-ordered survivor annuity and 55 percent of the retiring employee's unreduced annuity. If the former spouse loses entitlement (because of remarriage before age 55 or death), the current spouse's annuity would be increased, if necessary, to the amount elected.

564.23 Annuity to Person with Insurable Interest

564.231 General

This type of annuity provides payments at a reduced rate during the life of the retiring employee. Upon the retiring employee's death, it provides a survivor annuity payable to the person designated. The person designated must have an insurable interest in the retiring employee. An insurable interest is presumed to exist if the person designated has a reasonable expectancy of pecuniary benefit in the continuance of the life of the retiring employee.

564.232 **Eligibility**

Any retiring employee who is not retiring on disability and who can prove good health can elect a reduced annuity to provide a survivor annuity for a person having an insurable interest in the retiring employee.

564.233 **Reduced Rate**

A retiring employee's annuity is reduced by 10 percent plus an additional 5 percent for each 5 years the person designated is younger than the retiring employee. The maximum reduction is 40 percent, except when a former spouse is entitled to a court-ordered annuity and the retiring employee elects an insurable interest annuity for the current spouse.

564.24 Current Spouse's Consent

Married employees who elect less than a full survivor annuity for their current spouse, regardless of the type of annuity elected, must obtain their current spouse's consent on OPM Form 1431, *Spouse's Consent To Survivor Election*. The current spouse's consent is required even if a former spouse will be awarded a survivor annuity by a court order. (See 564.222.) A waiver of the spousal consent requirement may be granted by OPM under certain conditions (e.g., whereabouts of the current spouse cannot be determined or there are exceptional circumstances regarding the current spouse which warrant such a waiver).

564.25 Surviving Child

Regardless of the type of annuity elected at the time of retirement, a surviving child of the deceased annuitant who (a) is under the age of 18 and single, (b) is over age 18 and incapable of self-support, or (c) is a full-time student under the age of 22, is entitled by law to a survivor annuity (see 567.13).

564.3 Election of Annuity

Reference Note:
For additional material concerning the subject matter found in 564.3, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 52.

564.31 Application

The type of annuity desired by the retiring employee is indicated on the application for retirement (SF 2801) at the time of retirement.

564.32 Election Changes After Retirement

564.321 **18-Month Reelection Period**

Annuitants have 18 months from their annuity commencing date to change their decision to provide a survivor annuity (court-ordered former spouse annuities are not subject to this reelection) or to elect a higher survivor annuity. In either case, a deposit will be required for such an election. The deposit consists of the difference between the rate of the annuity originally elected and the rate of the annuity elected during the 18-month period, plus $245 per each thousand-dollar change in the designated survivor's base. In

addition, the deposit will be subject to interest charged at a rate equal to the overall yield to the retirement fund during the preceding fiscal year.

564.322 **Marriage Terminated**

If an employee who is married at the time of retirement elects a survivor benefit for the current spouse and the marriage is terminated before the annuitant dies, the reduction in annuity is eliminated unless the annuitant elects to continue it.

564.323 **Marriage Terminated and Remarriage**

If a reduction in annuity was eliminated because of termination of marriage and the annuitant remarries, a survivor annuity may be elected for the new (current) spouse. The annuity is reduced by the same percentage reduction in effect at retirement. The new spouse is eligible for the survivor benefits provided: (a) the marriage was in effect for at least 9 months before the annuitant's death, or (b) the new spouse is the parent of a child born of the marriage.

564.324 **Marriage After Retirement**

The following provisions apply:

a. *Change From Unreduced Annuity.* An employee who is not married at the time of retirement, and who elects an unreduced annuity without survivor benefits, may, if the employee marries after retirement, change election to a reduced annuity with survivor benefits to the current spouse. The annuitant submits a signed, written request for the change to OPM no later than 2 years after the marriage. Once the change in election is accepted by OPM, it cannot be changed again.

b. *Change From Person Having Insurable Interest.* An election of a reduced annuity with survivor benefits to a designated person having an insurable interest may be changed to a reduced annuity with survivor benefits to the current spouse if the employee marries after retirement. A written request for the change is submitted to OPM no later than 1 year after the marriage. Once the change in election is accepted by the OPM, it cannot be changed again.

565 Employee's Retirement Account

565.1 Deductions from Current Earnings

Reference Note:
For additional material concerning the subject matter found in 565.1, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 30.

Seven percent of each employee's basic pay is deducted and withheld as the employee's contribution to the retirement fund.

565.2 Deposits for Prior Service

Reference Note:
For additional material concerning the subject matter found in 565.2, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 21.

565.21 Employee Deposits

565.211 Percentages of Basic Pay

Employees credited with civilian service after July 31, 1920, for which no retirement deductions or deposits have been made, deposit with interest an amount equal to the following percentages of their basic pay for such service:

CSRS

Percentage of Basic Pay	Service Period
2.5	August 1, 1920 to June 30, 1926
3.5	July 1, 1926 to June 30, 1942
5.0	July 1, 1942 to June 30, 1948
6.0	July 1, 1948 to October 31, 1956
6.5	November 1, 1956 to December 31, 1969
7.0	After December 31, 1969
1.3	January 1, 1984 to December 31, 1987
0.94	January 1, 1988 to December 31, 1989
0.80	After December 31, 1989

565.212 Reduction for Periods of No Deposit

No deposit is required for periods of service for which no retirement deductions were made. However, the annuity will be affected as follows:

a. *Nondeduction Service Performed Before October 1, 1982.* A retiring employee will receive credit for this service toward his annuity; however, his annuity will be reduced by 10 percent of the amount due as a deposit unless the employee elects to eliminate the service entirely from credit for annuity purposes or completes a deposit for the service.

b. *Nondeduction Service Performed On or After October 1, 1982.* A retiring employee will receive no credit for this service in the computation of his annuity unless a deposit with interest has been made; however, the service will be used to determine the length of service needed for annuity eligibility even without a deposit.

c. *Exception.* In nondisability retirement cases when an alternative form of annuity (AFA) is elected, OPM will avoid collecting redeposit (and deposit) money which simply would be returned as part of a person's lump-sum payment. Instead, OPM gives automatic credit for redeposits/deposits, including interest, thus assuring the AFA is the maximum amount possible. These are deemed deposits/redeposits

which are treated as having been paid and then returned to the person as part of the lump-sum payment. (See 566.6.)

565.22 Survivor Deposits

Deposits may be made or completed after the death of the employee by a survivor who is qualified to receive annuity benefits.

565.23 Deposit/Redeposit Application

Deposits or redeposits require SF 2803, *Application To Make Deposit or Redeposit*. SF 2803 must be routed through the Eagan ASC for proper certification and/or listing of service history and for transmittal to OPM. OPM computes the amount due and furnishes the employee with instructions on how to make payment.

565.3 Redeposits

Reference Note:
For additional material concerning the subject matter found in 565.3, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 21.

565.31 Employee Redeposits

Each employee who has received a refund of retirement deductions, covering service for which the employee is allowed credit under CSRS, may redeposit the amount received, with interest.

565.32 Amount of Redeposit

The amount of redeposit due includes the sum of the refund plus interest from the date the refund was paid to the date of redeposit (or commencing date of annuity, if earlier). Interest is charged through all periods of employment and all periods of separation after October 1, 1956. Interest is computed at 4 percent through December 31, 1947, and 3 percent through December 31, 1984. After December 31, 1984, the interest rate is determined based on the average yield of securities invested in by the retirement fund during the previous fiscal year.

565.33 Impact on Annuity

An employee who received a refund of retirement deductions covering a period of service that ended before October 1, 1990, does not need to pay a redeposit in order to receive credit for annuity. However, the final annuity is actuarially reduced based on the employee's age and amount of redeposit owed at time of retirement. A refund of retirement deductions covering a period of service from October 1, 1990, or later must be redeposited in order to receive credit toward annuity computation.

565.34 Exception

In nondisability retirement cases when an alternative form of annuity (AFA) is elected, OPM will avoid collecting redeposit (and deposit) money which would simply be returned as part of a person's lump-sum payment. Instead, OPM gives automatic credit for redeposits/deposits, including interest, thus assuring the AFA is the maximum amount possible. These are *deemed*

redeposits/deposits which are treated as having been paid and then returned to the person as part of the lump-sum payment. (See 566.6.)

565.35 Survivor Redeposits

Redeposits may be made or completed after the death of the employee by a survivor who is qualified to receive annuity benefits.

565.36 Form Used

See 565.23.

565.4 Voluntary Contributions

Reference Note:
For additional material concerning the subject matter found in 565.4, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 31.

565.41 Application

An employee who wishes to obtain a larger retirement annuity than is otherwise provided may purchase additional annuity by making voluntary contributions to the retirement fund, subject to the restrictions set forth in 565.42. Application is made by filing SF 2804, *Application to Make Voluntary Contributions,* with OPM.

565.42 Restrictions

Voluntary contributions are made subject to the following restrictions:

a. If an employee has had creditable civilian service for which no deposit or redeposit has been made, the employee is eligible to make voluntary contributions only upon completing the deposit or redeposit.

b. If an employee has at any time received a refund of voluntary contributions with interest, the employee may not make further voluntary contributions unless again employed under CSRS after a separation of more than 3 calendar days.

565.43 Amount of Contributions

Voluntary contributions are made in multiples of $25, and their total may not exceed 10 percent of the total base pay received for creditable service since August 1, 1920.

565.44 Amount of Additional Annuity

The age of the retiring employee governs the amount of additional annuity the voluntary account purchases. Each $100 credited to the employee's account purchases additional annuity of $7 a year for an employee retiring at age 55 or younger. The $7 amount increases 20 cents for each full year that the employee is beyond age 55 at the time of retirement.

565.45 Type of Annuity Election

The employee's election of the type of basic annuity desired also applies to the additional annuity purchased with voluntary contributions, unless the employee indicates to the contrary in a note attached to the application for retirement.

565.46 Withdrawal of Voluntary Contribution

565.461 Conditions

An employee may withdraw voluntary contributions with interest under the following conditions:

a. Before separation from service, or

b. After separation, but before receipt of any additional annuity based thereon.

565.462 Application

Withdrawals are made by filing with OPM using SF 2802, *Application for Refund of Retirement Deductions,* and indicating on the form that the application is for refund of voluntary contributions *not* for refund of regular retirement deductions.

565.47 Death Before Retirement

If an employee dies in service, or after separation but before retirement, the voluntary contributions with interest are payable to the person(s) entitled in the order of precedence defined in 567.22.

565.5 Refund of Deductions

Reference Note:
For additional material concerning the subject matter found in 565.5, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 32.

565.51 Less Than 5 Years Civilian Service

565.511 Refund

An employee who has completed less than 5 years of civilian service at the time of separation, or of transfer to a position not covered by the CSRS, may apply for a refund of the retirement deductions made from the employee's salary and of any sums deposited covering prior service, with interest.

565.512 Eligibility

To be eligible for a refund, the employee must be separated or transferred to a position not covered by CSRS for at least 31 consecutive days.

565.513 Interest

No interest is given if the refund period is 1 year or less. Interest is computed at 4 percent to December 31, 1947, and 3 percent thereafter, compounded annually to the date of separation or transfer.

565.514 Application

SF 2802*, Application for Refund of Retirement Deductions,* is required. In order to receive refunds, employees generally must notify their spouse and any former spouse(s) that they plan to file applications. Employees may be barred from receiving refunds if the refund would end the court-ordered right of any spouse or former spouse to future benefits based on employees' service.

565.52 Five Years or More Civilian Service

565.521 Choice

An employee who has completed 5 years or more of creditable civilian service and is separated or transferred to a position not covered by CSRS has a choice of either a refund payment or a deferred retirement annuity at age 62.

565.522 Value

In dollars received, the annuity, in most cases, is more valuable than the refund of retirement deductions. When employees retire at age 62, they also have the right to elect a survivor annuity.

565.523 Eligibility

To be eligible for a refund, the employee files the refund application (SF 2802) with OPM at least 31 days before the beginning date of any annuity for which the employee may be eligible.

565.524 Refund

The refund consists of the retirement deductions made from the employee's salary and any sums deposited covering prior service, including deposits for post-1956 military service.

565.525 Interest

No interest is payable on refunds covering periods of service of 5 years or more.

565.526 Repayment

An employee who receives a refund of retirement deductions cannot receive an annuity for the period of service covered by the deductions unless the person is reemployed in a position subject to CSRS and repays the deductions with interest (see 565.3).

566 Annuity Computation

566.1 Effective Dates

Reference Note:
For additional material concerning the subject matter found in 566.1, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapters 50 and 55.

566.11 Commencement

Annuities based on optional (voluntary) retirement commence on the first day of the month after separation, or after the last day in a pay status, provided the age and service requirements for annuity eligibility are met. An exception is made for annuitants who voluntarily retire on day 1, 2, or 3 of the month, in which case the annuity commences either on the day after separation or after the last day in a pay status. Annuities based on disability or discontinued service retirement begin the day after the employee's last day in a pay status (or the day after separation) provided the disability or age and service requirements for annuity eligibility are met on that date.

566.12 **Ending**

Annuity payment ends on the day of the annuitant's death or on the date the annuitant becomes ineligible for a continuing annuity. Survivor annuities are paid through the last day of the month before death or any other terminating event, such as a survivor annuitant's remarriage.

566.13 **Employee's Work and Leave Status**

566.131 **Use of Annual Leave Balance**

Bargaining unit employees with leave balances subject to forfeiture must be counseled to use the excess annual leave prior to the effective date of their retirement.

566.132 **Continuing Leave Status**

Employees who have requested disability retirement and who are unable to work while their applications are under review by OPM continue on the rolls in a leave status (with or without pay) pending notification by OPM of its decision on the application.

566.2 Factors Affecting Annuity Computations

Reference Note:
For additional material concerning the subject matter found in 566.2, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapters 50 and 55.

566.21 **Primary Factors**

Primary factors are:

a. Length of service, including credit for unused sick leave.

b. High-3 average pay.

566.22 **Other Factors**

Other factors are:

a. Retirement before age 55.

b. Failure to make deposit.

c. Election of reduced annuity to provide a survivor annuity.

d. Increases for voluntary contributions. (See 565.4.)

e. Election of lump-sum credit (see 566.6).

566.23 **Determining Length of Service**

For annuity computation purposes, length of service is determined by adding together all periods of the employee's creditable civilian and military service and the period credited to the employee for unused sick leave. After obtaining total service, the fractional part of a month is dropped because annuity is computed on the basis of years and months. No credit is allowed for the remaining odd days of total service.

566.24 Determining High 3-Year Period

566.241 Dates Included

The 3-year period starts and ends on the dates producing the highest average pay. The period need not start on the first day of any month or on the date of a pay change.

566.242 Consecutive

The 3-year period need not be continuous but must be consecutive.

Example: Two or more separate periods of employment may be joined provided there is not an intervening period of service to be considered.

566.243 Refunded Deductions

The 3-year period may include service for which retirement deductions have been refunded, even though not redeposited.

566.25 Determining High-3 Average Pay

566.251 Computation

The high-3 average pay is determined by averaging the rates of an employee's basic pay over a period of 3 consecutive years of creditable service, with each rate weighted by the period of time during which it was in effect.

566.252 Basic Pay

Basic pay for retirement purposes includes higher level pay but does not include cost-of-living adjustments (COLA, TCOLA), overtime pay, night differential, military pay, allowances, premium pay, or lump-sum terminal leave benefits.

566.3 General Formula

Reference Note:
For additional material concerning the subject matter found in 566.3, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapters 50 and 55.

566.31 Computation

The basic annuity under the general formula is obtained as follows: Step 1. Take: 1-1/2 percent of the high-3 average pay and multiply the result by 5 years of service. Step 2. Add: 1-3/4 percent of the high-3 average pay multiplied by the number of years of service between 5 and 10. Step 3. Add: 2 percent of the high-3 average pay multiplied by all service over 10 years.

566.32 Substitution

Instead of using 1-1/2 percent, 1-3/4 percent, and 2 percent, a substitution of 1 percent of the high-3 average pay plus $25 may be made for any or all of the percentages if a higher annuity is produced.

566.33 Guides for Applying the General Formula

Regardless of length of service, the following rules apply in computing basic annuities under the general formula. If the high-3 average pay is:

a. *$5,000 or More*, the highest basic annuity is obtained by using Steps 1 through 3.

b. *Between $3,334 and $4,999*, the highest annuity is obtained by substituting the 1 percent plus $25 in Step 1 and then using Steps 2 and 3.

c. *Between $2,501 and $3,333*, the highest annuity is obtained by substituting the 1 percent plus $25 in Steps 1 and 2 and using Step 3.

d. *$2,500 or less*, the highest annuity is obtained by taking 1 percent of the high-3 average salary, adding $25, and multiplying the result by total service, eliminating Steps 1 through 3.

566.34 Maximum Annuity Benefits

566.341 Eighty Percent Limitation

The basic annuity of a retiring employee may not exceed 80 percent of high-3 average salary except when an annuity in excess of 80 percent results from crediting unused sick leave. (See 562.4.) If an annuity computed under the general formula exceeds 80 percent, it is reduced to an amount equal to 80 percent of the high-3 average salary. The reduction is made prior to applying any reductions or increases.

566.342 Excess Service

If employees have service in excess of the years and months required to provide the 80 percent maximum (usually 41 years and 11 months), retirement deductions withheld after they have completed the service requirements may be:

a. Credited to their voluntary contribution accounts if their regular deduction obligations have been satisfied. (If employees owe a deposit or redeposit, the money is first applied to that, and any balance is credited as voluntary contributions.)

b. Refunded to employees if they elect the refund before their annuity is granted and if no deposit or redeposit is due.

c. Paid in a lump sum to eligible survivors if the employee dies.

566.4 Disability Retirement

566.41 Guaranteed Minimum

Reference Note:
For additional material concerning the subject matter found in 566.41, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 60.

566.411 Employee Under Age Sixty

An employee under age 60, retiring on disability, is allowed a minimum basic annuity if it is greater than the basic annuity computed under the general formula. The minimum basic annuity is the lesser of the following:

a. 40 percent of the high-3 average pay.

b. The annuity obtained by using the general formula after increasing the total service by the length of time elapsing between the date of separation and the date that the employee would reach age 60.

If the employee is eligible for immediate annuity benefits under the general formula based on age and service, and, if the general formula yields a larger annuity than the prescribed minimum, the general formula is used.

566.412 **Employee Past Age Sixty**

The guaranteed minimum contains no provisions for projection of service past age 60. Therefore, the disability annuity rate of an employee who is age 60 or over must be computed by using the employee's actual service in the general formula regardless of whether the result would be greater or less than 40 percent of the employee's high-3 pay.

566.413 **Exceptions**

An employee who retires under the disability retirement provisions of CSRS and who is receiving military retired or retainer pay, or compensation from the Veterans Administration in lieu of retainer pay, is not eligible for the guaranteed minimum disability annuity. The employee will receive his earned annuity based on length of service (excluding credit for military service) and high-3 average salary. This applies even if a waiver of retired or retainer pay for CSRS purposes has been initiated. (The above limitations on benefits do not apply if military retired pay is awarded on account of a service-connected disability incurred in combat with an enemy of the United States, or caused by an instrumentality of war and incurred in line of duty during a period of war, or awarded under the reserve retirement provisions of Chapter 67, Title 10, U.S. Code).

566.42 Application of Guaranteed Minimum Principle

Reference Note:
For additional material concerning the subject matter found in 566.42, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 61.

566.421 **Computations**

If the high-3 average pay is:

a. *$4,839 or more,* and:

(1) If the employee's actual service is at least 21 years and 11 months, actual service in the general formula is used. A computation under the guaranteed minimum provides no advantage.

(2) If the employee's actual service is less than 21 years and 11 months but service would, if projected to age 60, total at least 21 years and 11 months, then 40 percent of the employee's high-3 average salary produces the highest allowable basic annuity, which is the guaranteed minimum.

(3) If the employee's combination of actual and projected service totals less than 21 years and 11 months, use of such total service in the general formula produces the highest allowable basic annuity, which is the guaranteed minimum.

b. *Between $2,500 and $4,838*, the following table and computations are used to determine the basic disability annuity rate:

(1) Table.

High-3 Average Salary Table for Determining Basic Annuity Rates for Disability Retirement

Salary	Years	Service Months
$2,500 to $2,542	20	1
$2,543 to $2,586	20	2
$2,587 to $2,631	20	3
$2,632 to $2,678	20	4
$2,679 to $2,727	20	5
$2,728 to $2,777	20	6
$2,778 to $2,830	20	7
$2,831 to $2,884	20	8
$2,885 to $2,941	20	9
$2,942 to $2,999	20	10
$3,000 to $3,061	20	11
$3,062 to $3,124	21	0
$3,125 to $3,191	21	1
$3,192 to $3,260	21	2
$3,261 to $3,333	21	3
$3,334 to $3,488	21	4
$3,489 to $3,658	21	5
$3,659 to $3,846	21	6
$3,847 to $4,054	21	7
$4,055 to $4,285	21	8
$4,286 to $4,545	21	9
$4,546 to $4,838	21	10

(2) *Computations.*

(a) If the employee's actual service is equal to, or greater than, the service shown in the preceding table for the applicable high-3 average salary range, use the actual service in the general formula. (A computation under the minimum guarantee provides no advantage.)

(b) If the employee's actual service is less than the service shown in the table for the applicable high-3 average salary range, but would, if projected to age 60, total at least that much, 40 percent of the high-3 average salary produces the highest allowable basic annuity, which is the guaranteed minimum.

(c) If the employee's combination of actual service and service projected to age 60 totals less than the service shown in the table for the applicable high-3 average salary range, use of such total service in the general formula produces

the highest basic annuity, which is the guaranteed minimum.

c. *$2,499 or Less*, the disability annuity rate is obtained as follows:

(1) Compute the employee's annuity rate under the general formula, using the employee's actual service.

(2) Compute the employee's annuity rate under the guaranteed minimum, using (a) actual service plus projected service to age 60 in the general formula and (b) 40 percent of high-3 average salary.

(3) Discard the higher annuity rate obtained under the guaranteed minimum.

(4) Compare the lower rate obtained under the guaranteed minimum with the rate obtained by using the employee's actual service in the general formula, and select whichever is higher as the basic annuity.

566.422 **Examples Resulting From Applying Guaranteed Minimum**

Examples are as follows:

a. An employee disabled at an early age may be entitled to a higher basic annuity than an older disabled employee with more actual service and a greater high-3 average salary.

b. Disabled employees with identical high-3 average salaries but different lengths of service may be entitled to the same basic annuities.

c. A disabled employee may be entitled to a higher basic annuity than an employee with more service and a greater high-3 average salary who is retiring at or over age 62 under a provision other than disability.

566.423 **Concept**

The situations in 566.422 result from the concept underlying the guaranteed minimum for disability annuitants. Disability interrupts a career that otherwise would have extended to age 60, and basic annuity, therefore, should include credit for the time which the employee normally would have served, subject to a maximum limitation of 40 percent of the high-3 average salary.

566.5 Reemployed Annuitants, Additional Annuity

Reference Note:
For additional material concerning the subject matter found in 566.5, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapters 100 and 102.

566.51 Supplemental Annuity

566.511 **Eligibility**

Certain reemployed annuitants, on termination of reemployment which was on a continuous full-time or part-time basis and such reemployment is the equivalent of at least 1 year, are eligible for supplemental annuity based on the period of reemployment. Those who serve the equivalent of at least 5 years may elect to have their annuity rate redetermined. If they desire, reemployed annuitants may elect another type of annuity at this time (with

regard to survivor benefits). The annuitant makes a deposit to cover the reemployment service in order to have a complete recomputation of annuity. An individual working on a part-time basis (halftime) must work 2 years to meet the equivalent of at least 1 year of reemployment service.

566.512 **Computation**

The following provisions apply:

a. *Continuous Employment.* Supplemental annuity (566.51) is computed on all periods of continuous reemployment service that is the equivalent of at least 1 year after the employee's retirement. Such periods are considered as part of the employee's total service. Employment is considered continuous unless interrupted by a separation from service exceeding 3 calendar days. Leave of absence, with or without pay, does not break continuity.

b. *General Formula.* The supplemental annuity is computed under the general formula (566.3). It is computed only at the end of reemployment and is based on the average basic salary (before annuity deduction) received during periods of continuous employment. (Employee's salary during reemployment is reduced by the amount of annuity.)

c. *Average Salary.* The full rates of basic salary in effect during all periods of reemployment, with each rate weighted by the time it was in effect, are used to determine the average salary rather than any high-3 average salary. The new average salary and the length of service computed on the basis of all reemployment service and unused sick leave are applied in the formula to obtain the supplemental annuity.

d. *Using Steps of General Formula.* In determining which steps of the general formula to use, all the annuitant's service (before and after retirement) is added together. Unless the 1 percent plus $25 must be substituted, the 1-3/4 percent in Step 2 is applied to as much of their reemployment service as makes the total service between 5 and 10 years. The 2 percent in Step 3 is applied to as much of the reemployment service as makes the total service in excess of 10 years. (The result is a higher supplemental annuity than could be obtained if the general formula were applied to the reemployment service separately.)

566.52 Redetermination of Annuity

If the final period of continuous employment consists of the equivalent of at least 5 years of service, the annuitant may at separation make a deposit to cover the reemployment service and elect a redetermination of annuity. By this election, the annuitant receives a complete redetermination of annuity based on the law in effect on the date of separation, instead of existing annuity, plus the supplemental benefit. This special computation treats the annuitant as if retiring for the first time, and gives the annuitant a new right of election as to the type of annuity as well as any liberalization of benefits provided since original retirement.

566.6 Alternative Form of Annuity/Payment of Lump-Sum Credit

Reference Note:
For additional material concerning the subject matter found in 566.6, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 53.

566.61 Alternative Option

Employees diagnosed with a life-threatening medical condition who are eligible to retire under an optional retirement may choose the Alternative Form of Annuity. This option allows a refund of all employee contributions made to the CSRS retirement fund in addition to an actuarially reduced monthly benefit. This option is not available to those employees filing for disability retirement. Also, even if the conditions for this alternative annuity (as outlined above) are met, if a court order has been established to provide annuity benefits for a former spouse, this election is not allowed. Married employees must have the current spouse's consent to elect an AFA.

566.62 Computation

To compute the AFA, the basic monthly annuity is calculated as if the AFA had not been elected. This amount is then reduced by an amount equal to the retiring employee's lump-sum credit divided by an actuarial factor for the employee's attained age (in full years) at the time of retirement. A table indicating the actuarial factors is published annually by the Postal Service.

566.63 Survivor Annuity

Election of AFA has no impact on a survivor annuity. The survivor annuity is determined based on the retiring employee's basic annuity as if AFA had not been elected.

Note: The lump sum payable to voluntary retirees whose annuities commence after January 3, 1988, and before October 1, 1989, will be broken into two portions. The first is payable at retirement and represents 60 percent. The remaining 40 percent is paid, with interest, 1 year after retirement.

567 Death Benefits — Death in Service

Reference Note:
For additional material concerning the subject matter found in 567, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapters 70, 73, 74 and 75.

567.1 Survivor Annuity

567.11 Conditions to Be Met by the Employee

In order to provide a survivor annuity, an employee, upon his death, must have:

a. Completed at least 18 months of creditable civilian service, and

b. Died while employed in a position subject to CSRS.

567.12 Conditions to Be Met by the Current (Former) Spouse

567.121 Current Spouse

An employee's current spouse qualifies for a survivor annuity if the spouse:

a. Was married to the employee for at least 9 months immediately preceding the employee's death; or

b. Is the parent of a child born of the marriage with the employee.

567.122 Former Spouse — Court Ordered Annuity

A former spouse who has been awarded a survivor annuity by a court order, qualifies for the survivor annuity if the former spouse:

a. Was married to the employee for at least 9 months.

b. The marriage was terminated prior to the employee's death.

567.13 Conditions to Be Met by the Child

567.131 General

The child of an employee (including a legally adopted one) qualifies for a survivor annuity if:

a. Under the age of 18 (or under the age of 22 and a student pursuing a full-time course of study in a recognized educational institution), and

b. Is unmarried.

567.132 Child incapable of Self-Support

A child who is over age 18 may be entitled to a survivor annuity if the child: (a) meets the requirements in 567.131 and (b) is incapable of self-support by reason of a mental or physical disability incurred before reaching age 18. (To determine whether the disability requirement is met, the child undergoes a physical examination arranged by OPM without cost to the family.)

567.133 Stepchild or Illegitimate Child

A stepchild or an acknowledged illegitimate child may be entitled to a survivor annuity if the child: (a) meets the requirements in 567.13 and (b) has lived with the employee in a regular parent-child relationship.

567.14 Computation of Annuity for Survivors

567.141 Current and/or Former Spouse

The following provisions apply:

a. *Guaranteed Minimum.* The law guarantees a minimum annuity to the current spouse of an employee dying after October 19, 1969. The annuity is 55 percent of the smaller of:

   (1) 40 percent of the deceased employee's high average salary, or

   (2) The regular annuity obtained after increasing the deceased employee's service by the period of time between the date of death and the date that the deceased employee would have reached the age of 60.

b. *Former Spouse.* The survivor annuity for a former spouse is based on the amount specified in the court order. In no instance, can such amount exceed 55 percent of the deceased employee's earned annuity.

c. *No Restriction.* The survivor annuity to the spouse is payable in addition to any benefit due the child(ren).

d. *Regular Survivor Annuity Higher.* When the regular survivor annuity of 55 percent of the deceased employee's earned annuity is higher than the guaranteed minimum, the regular survivor annuity is payable.

e. *Periods of Refunds.* In computing the survivor annuity, no credit may be allowed for the period(s) of service for which retirement deductions were refunded to the employee and the employee did not make a redeposit to cover the refund. The survivor may make the redeposit if he desires credit for the period(s) involved.

f. *Nondeduction Service.* Time credit is given for the period(s) of *nondeduction service* for which neither the employee nor the qualified survivor has made deposit. However, the amount of annuity earned by the employee (the basis for determining the survivor's annuity) is reduced by 10 percent of the amount of the unpaid deposit if the nondeduction time is prior to October 1, 1982. If the nondeduction time is subsequent to October 1, 1982, a deposit may be made by the survivor if he wishes the time to be included in the computation of the survivor annuity.

567.142 **Current and/or Former Spouse of a Law Enforcement Employee**

If a law enforcement employee was 50 years of age or over at the time of his death and had completed at least 20 years of law enforcement service, survivor annuity for the widow(er) is computed as follows:

((2 1/2% of the employee's high-3 average salary x 20 years of law enforcement officer service) + (2% of the high-3 average salary x all service over 20 years, including credit for unused sick leave)) x 55%.

567.143 **Payment of Child's Annuity**

A child's annuity is paid to a guardian if one has been appointed by a court. If no guardian is appointed, payments are made, at the discretion of OPM, to the person who has care and custody of the child:

a. *Other Parent Survives.* The survivor annuity is payable to the child(ren) in addition to any benefit due a current (and/or former) spouse. If the deceased employee is survived by a spouse, the yearly survivor annuity payable to each child is the lesser of the following amounts:

(1) $317 per month per child.

(2) $981 per month divided by the number of children involved.

b. *No Surviving Parent.* If the deceased employee is not survived by the other parent, the yearly survivor annuity payable to each child is the lesser of the following amounts:

(1) $393 per month per child.

(2) $1,179 per month divided by the number of children involved.

c. *Death of the Other Parent.* When the other parent dies, the annuity to each child still entitled to an annuity changes. The amount of annuity for each child is increased to the amount that would have been payable if the employee had not been survived by a spouse. This increase is given even though the spouse was not in receipt of a survivor annuity at the time of death.

d. *Termination of Annuity to Child.* Upon termination (for any reason) of the annuity to a child, the amount of annuity to the remaining child(ren) is increased to the amount that would have been payable had the child whose annuity is terminating not been entitled to an annuity.

e. *Cost-of-living Increases.* The cost-of-living increases do not apply to the survivor benefits determined by the 60 percent of 75 percent part of the formula as the average pay reflects increases resulting from increased cost-of-living.

567.15 Beginning Date for Survivor Annuity

A survivor's annuity begins the day after the date of death of the employee or annuitant.

567.16 Conditions for Termination, Restoration, or Changes in Survivor Annuity

See Exhibit 567.16.

Exhibit 567.16
Conditions for Termination, Restoration, or Changes in Survivor Annuity

Current (former) spouse dies.	Annuity terminates on the last day of the month preceding the month in which death occurs.
Current (former) spouse who is under 55 years of age remarries.	Annuity terminates on the last day of the month preceding the month in which remarriage occurs. Current spouse annuity can be restored if marriage is later terminated. Former spouse annuity cannot be restored under any circumstances.
Current (former) spouse who is over 55 years of age remarries.	Remarriage does not terminate annuity if the remarriage occurred after age 55.
Current (former) spouse's remarriage is terminated.	If remarriage occurred before age 55 and remarriage is terminated because of annulment, divorce, or death of spouse and redeposit is made of any lump-sum which was paid at the time the annuity was terminated: 1. Current spouse annuity can be restored. 2. Former spouse annuity cannot be restored under any circumstances.
Child marries, dies, or becomes 18 years of age.	Annuity terminates on the last day of the month preceding the month in which child marries, dies, or becomes 18 years of age.
Child who is a full-time student becomes 22 years of age.	Annuity terminates on the last day of the month preceding the month in which child becomes 22 years of age. **Note:** A student whose twenty-second birthday falls during a school year (September 1–June 30) is considered not to have attained 22 until the end of the school year.
Child who is over 18 years of age and incapable of self-support, marries, or dies.	Annuity terminates on the last day of the month preceding the month in which the child becomes capable of self-support, marries, or dies.

567.17 Election of Annuity by Survivor

567.171 Election of Survivor Annuity or Employees' Compensation Benefits

Except as noted below, survivor annuities and survivor's compensation benefits under the Federal Employees Compensation Act are not payable concurrently if both are based on the death of the same employee. A survivor entitled to an annuity must elect one or the other. If all eligible survivors of a deceased employee elect to receive the compensation benefit rather than the survivor annuity, their rights to the survivor annuity terminate.

Exception: When a current spouse is being paid the balance of a *scheduled* compensation award which was due the deceased employee, the current spouse may receive the survivor annuity and the balance of the scheduled compensation award concurrently.

567.172 Election of Survivor Annuity or Social Security Benefits

Survivors who are eligible for annuity based in part on military service performed by the employee between September 16, 1940 and December 31, 1956, and who are also eligible for Social Security benefits, may elect to have such military service credited toward the Social Security benefit. However, if this election is made, the survivors' right to annuity is terminated. In practice, the survivors apply for both benefits and ask OPM and Social Security Administration (SSA) for statements showing the amount of each benefit, and then make their election as to where to credit the military service.

567.18 Election by Annuitants and Resultant Survivor Annuities

See Exhibit 567.18.

Exhibit 567.18
Election by Annuitants and Resultant Survivor Annuities

Annuitant at time of retirement elects to receive annuity without survivor benefit.	Current spouse does not qualify for a survivor annuity. Annuitants who are married must obtain the consent of their current spouses. A former spouse who is awarded a survivor annuity based on a court order will automatically receive an annuity.
Annuitant at time of retirement elects to receive annuity with survivor benefits.	Current and/or former spouse does qualify for survivor annuity.
Annuitant acquires spouse after retirement and elects a reduced annuity with benefit to current spouse.	Current spouse is eligible for survivor annuity provided: 1. The spouse has been married to the retired employee for at least 9 months preceding the employee's death, or 2. The spouse is the parent of a child born of the marriage.
Annuitant elects a reduced annuity with benefit to a person with insurable interest.	Designated person is eligible for a survivor annuity.

567.19 Deceased Annuitant Survived by Child

If a *deceased annuitant* is survived by a *child(ren)*, the child(ren) would, regardless of type of annuity elected at retirement, be entitled to a survivor annuity under the same conditions and in the same amounts as the child(ren) of a *deceased employee*.

567.2 Lump-Sum Benefit

567.21 Conditions for Payment

A lump-sum death benefit payment for retirement deductions and for any unpaid annuity (annuity accrued from date of last payment to date of death) is authorized by OPM and is payable immediately:

a. Upon the death of an employee if the employee:

(1) Has less than 18 months of civilian service, or

(2) Leaves no current (or former) spouse or child(ren) entitled to a survivor annuity.

b. Upon the death of an annuitant, if annuity payments have not exhausted the employee's lump-sum credit.

c. Upon termination of annuity payments to the survivor(s) of an employee or to the survivor(s) of an annuitant if total annuity payments have not exhausted the employee's or the annuitant's lump-sum credit.

567.22 Person(s) Entitled to Payment

567.221 Order of Precedence

A lump-sum payment is payable to the person(s) entitled to each benefit, in the following order: First — To the beneficiary or beneficiaries designated by the employee or annuitant. Second — To the current spouse. Third — To the child or children in equal shares, with the share of any deceased child distributed to the descendants of that child. Fourth — To the parents in equal shares or the entire amount to the surviving parent. Fifth — To the duly appointed executor or administrator of the estate. Sixth — To the person(s) entitled under the laws of the state in which the employee was domiciled at the time of death.

567.222 Former Spouse

A lump-sum payment cannot be awarded to a former spouse by court order or divorce decree if there is a valid Designation of Beneficiary, a duly appointed executor or administrator, or any one of the relatives in the order of precedence survives the employee.

567.23 Designations of Beneficiaries

567.231 Employee Informed

At the time that an employee enters on duty in a position subject to CSRS the employing office informs the employee that:

a. Lump-sum benefits under the CSRS, unpaid compensation (567.3), and Federal Group Life Insurance are paid to the person(s) entitled in the order of precedence shown in 567.22.

b. A designation is made if the employee wishes: (1) to name person(s) not mentioned in the order of precedence or (2) to change the order of preference or the amount of shares.

c. A designation of beneficiary is for lump-sum benefit purposes only and does not affect the right of any person qualified to receive survivor annuity benefits. Survivor annuity benefits are payable either (1) by operation of law, or (2) as a result of an election made by a retiring employee.

567.232 **Employee Reminder**

Each employing office periodically reminds employees that beneficiary designations may be changed to reflect changes in family status.

567.3 Procedure Upon Death of an Employee or Annuitant

567.31 Contacting Next of Kin

When an employee dies, the employing office a) contacts the next of kin or emergency addressee and advises such person of benefits payable and of the right to apply for them and b) renders every assistance in completing: SF 2800, *Application for Death Benefits*; FE 6, *Claim for Death Benefits (Life Insurance)*; and SF 1153, *Claim for Unpaid Compensation of Deceased Civilian Employee*.

567.32 Notifying OPM

OPM is notified of the death of an annuitant as soon as possible. On receipt of the death notice, OPM a) initiates the filing of the *Application for Death Benefits* (SF 2800) and b) informs the interested parties of their rights.

567.33 Filing Death Claim Applications

567.331 **SF 2800**

The applicant files SF 2800 with the:

RETIREMENT OPERATIONS CENTER
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 45
BOYERS PA 16017-0045

567.332 **Minor Children**

SF 2800 and other death claim applications are filed on behalf of minor children by the guardian appointed by the court or, if no guardian has been or will be appointed, by the person having care and custody of the children.

567.333 **One Application**

If the current spouse is entitled to a benefit in his own right and also on behalf of the child(ren), he files only one SF 2800.

567.334 **SF 1153**

SF 1153 is filed through the employing office to the Eagan ASC.

567.34 Evidence

567.341 **Required**

Every Application for Death Benefits is accompanied by a) a certified copy of the death certificate issued for the employee and b) other evidence called for by the application.

567.342 **Additional**

OPM determines what benefits are payable under CSRS and, depending on the type of benefit payable and other circumstances in a particular case, may request the applicant to submit additional evidence. Such request does not normally delay settlement.

568 Management-Initiated Disability Retirement Procedures

Reference Note:
For additional material concerning the subject matter found in 568 through 568.24, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 60.

568.1 General

There are certain limited situations under which an employing office may initiate a disability retirement application on behalf of an employee. OPM will not accept an application filed by an employing office unless the conditions in 568.11 are met. OPM will not act on the application until it receives the appropriate documentation of the separation action.

568.11 Basis for Filing

An employing office may file an application for disability retirement on behalf of an employee who has 5 years of federal civilian service under the following conditions:

a. The employing office has issued a decision to remove the employee; and

b. The employing office concludes, after its review of medical documentation, that cause for the unacceptable performance, conduct, or attendance is due to disease or injury; and

c. The employee is institutionalized or, based on review of medical and other information, it concludes that the employee is incapable of making a decision to file an application for disability retirement; and

d. The employee has no personal representative or guardian (individual who would act and care for the employee); and

e. There is no immediate family member who is willing to file the application on behalf of the employee.

568.12 Medical Examination

568.121 Notifying the Employee

If it becomes necessary to order a medical examination under these provisions, the employee must be notified in writing to report for the examination. The notice must include the following:

a. A statement of the general scope and character of the examination.

b. The reasons for ordering the examination.

c. The consequence of failure to comply with the request.

d. The employee's right to be represented. The employee's representative must be provided with a copy of the notification.

568.122 Designating a Physician

Management shall designate the examining physician. The employee, however, is offered an opportunity to submit medical documentation from his or her personal physician for review and consideration.

568.123 **Information Provided Examining Physician**

The examining physician must be provided with a copy of all relevant medical information in the Postal Service's possession, the applicable standards and requirements of the position, and a detailed description of the duties of the position (job description), including the critical and essential elements of the job, physical demands, and environmental factors.

568.124 **Psychiatric Evaluation**

The following procedures must be followed when ordering a psychiatric examination:

a. *Basis for Requesting a Psychiatric Evaluation.* A psychiatric evaluation may be ordered only after the employee provides results of a general medical or psychiatric examination *or* a nonpsychiatric fitness-for-duty examination has been conducted, and, after review of the documentation or examination report, the medical officer concludes that a psychiatric evaluation is warranted for medical reasons.

b. *Employee Names Representative.* Appointment of a representative of the employee is required. Employees may name their own representative at any time.

c. *Employee Refuses to Name Representative.* If the employee does not name a representative voluntarily, a management official urges the employee to do so before a fitness-for-duty psychiatric examination is ordered by the medical officer.

d. *Management Appoints Representative.* If the employee persists in not naming a representative, management appoints one to receive copies of all notices, determinations, decisions, and other written communication issued to the employee under these procedures. Management may choose a member of the employee's family, union officer, veteran's service officer, or an employee not under the supervision of the affected employee's supervisor.

e. *Employee's Objection to Named Psychiatrist.* An employee or representative who objects to the psychiatrist named by the medical officer is requested to submit the names of three to five medical board-certified psychiatrists of his or her choice. The medical officer then selects a psychiatrist from the list, and management arranges for the examination.

568.125 **Cost of Medical Examination**

Any costs incurred as a result of a medical examination taken at the direction of the Postal Service and by a Postal Service appointed physician selected pursuant to 568.124e above shall be the responsibility of the Postal Service. The employee, however, is responsible for all costs incurred as a result of any medical examination conducted by a private physician selected by the employee.

568.126 **Management Decision**

To support a disability retirement under these provisions, management must conclude, after its review of the medical documentation, and in the opinion of the medical officer, that the cause for the unacceptable performance, conduct, or attendance is due to the employee's medical condition or illness.

If the employee is not institutionalized, management must also conclude that the employee is incapable of making a decision to file a disability retirement application. This conclusion must be based on a medical assessment by a Postal Service medical officer.

568.13 Filing Application

568.131 Employing Office Action

If all of the conditions in 568.11 have been satisfied, the employing office can proceed in filing a disability application on behalf of the employee.

568.132 Notice to Employee

The employing office must inform the employee, in writing, at the same time that it informs the employee of its removal decision that (a) a disability retirement application has been submitted to OPM on the employee's behalf, (b) the employee may review any medical information and obtain copies of any records at no expense, and (c) that the action does not affect the employee's right to submit a voluntary application for disability retirement.

568.133 Notice to OPM

When submitting an application for disability retirement to OPM under these procedures, the employing office must provide OPM with copies of the decision to remove the employee, the medical documentation, and any other documents required to show that the cause for removal is due to a medical condition. Following separation, OPM must be provided with a copy of the documentation of the separation.

568.2 OPM Action

568.21 Processing by OPM

OPM will not act on an application for disability retirement initiated by management until it receives the appropriate documentation of the separation. When OPM receives a complete application for disability retirement, it will notify the former employee that it has received the application. OPM will also provide the employee with an opportunity to submit additional medical documentation.

568.22 Decision

OPM will issue its decision, in writing, to the employee and to the employing office, through the Retirement Branch, Eagan ASC. The decision will include a statement of findings and conclusions, and an explanation of the right to request a reconsideration of OPM's decision.

568.23 Cancellation of Retirement

OPM will cancel any disability retirement when a final decision of an administrative authority or court reverses the removal action and orders the reinstatement of the employee.

568.24 Employee's Status Pending OPM's Decision

The employee will remain on the Postal Service's rolls pending the final disposition of an adverse action through the appropriate appeal procedures. The employee will not be retained on the rolls pending OPM's decision on the disability application once all appeal procedures have been exhausted.

569 General Retirement Information

Reference Note:
For additional material concerning the subject matter found in 569, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 40.

569.1 Retirement Counseling

569.11 Responsibility

The Postal Service ensures that retirement information and counseling are made available to Postal Service employees.

569.12 Retirement Annuity Estimates

Retirement annuity estimates are provided to all employees through the use of the National Retirement Counseling System (NARECS) as follows:

a. Upon request within 3 years of an employee's first optional retirement eligibility date, based on payroll and personnel system-generated retirement computation date.

b. Automatically twice each year once age and service eligibility criteria for optional retirement have been met.

569.13 Group Retirement Information Programs

569.131 Nature of Group Programs

The Postal Service ensures that at least one CSRS retirement information program is held each fiscal year. Sessions are to be open to all employees, regardless of age, years of service, and first date of optional retirement eligibility, and spouses and other interested parties may also attend. These programs are provided using a combination of media and facilitation, with dates, times, and other particulars of the sessions determined by local service personnel. Participation is voluntary and off the clock. Group information programs are supplementary to, not a substitute for, individual counseling as described in 569.14.

569.132 Group Program Content

During the retirement information programs, information on all subjects that may factor in retirement is presented to allow employees to plan constructively for their retirement years.

569.14 Individual Retirement Counseling

569.141 Nature of Individual Counseling

As part of the retirement process, employees may request individual retirement counseling from the Human Resources Shared Services Center (HRSSC). Counseling is provided by a retirement specialist at the HRSSC who can provide detailed information on retirement health benefits, life insurance, and other retirement-related benefits programs. These counseling sessions are conducted via telephone primarily, and they may involve use of a computer and/or electronic media, as appropriate. The retirement specialist may also direct the employee to other sources to obtain information specific to certain topics, including TSP and Social Security. The

sessions are on the clock if the retirement specialist is available to provide such counseling during the same tour as the employee.

569.142 **Counseling Session Content**

Before scheduling the counseling session, the retirement specialist orders an annuity estimate, based on the retirement effective date and type of retirement (optional, disability, etc.) requested by the employee, to be mailed to the employee's address of record.

During the counseling session, the retirement specialist:

a. Reviews the employee's retirement application and verifies that all appropriate documents are signed and dated.

b. Reviews the employee's annuity estimate and answers any questions raised by the employee.

c. Clarifies the employee's work and leave status up to the date of retirement.

d. Identifies the need for additional documents, proofs, affidavits, etc., if necessary.

e. Verifies the civilian and military service history and the advantages, if any, of deposits or redeposits.

f. Addresses other retirement-related benefits and payments, including but not limited to, Alternative Fund Annuity (AFA), health benefits, life insurance, terminal leave, Thrift Savings Accounts, and flexible benefits.

569.143 **Advice to Employee**

In providing advice to employees, the retirement counselor reminds the employee that:

a. Although information is provided on various provisions and options under the retirement law, final choices (except in the case of management-initiated disability retirement) are the decision of the employee.

b. Any estimate of annuity is preliminary and subject to final determination by OPM.

569.2 Retirement Forms

569.21 Guidelines for Processing Personnel Actions

Handbook EL-301, *Guidelines for Processing Personnel Actions*, contains information on processing retirement forms in connection with personnel actions.

569.22 Requisitioning Forms

Installations are expected to maintain a supply of retirement forms sufficient to meet anticipated needs. Such forms are requisitioned from the area supply center under regular requisitioning procedures.

569.3 Retirement Account Information

The official individual retirement records are maintained by the Eagan ASC. Questions pertaining to an employee's retirement account (including the amount of retirement deductions) which cannot be answered locally are forwarded by

management to the retirement section of the Eagan ASC. The individual's retirement records covering service in any federal agency or prior postal service with a break in employment of 4 days or more are on file with OPM.

569.4 Information Source for Separated or Retired Employees

Questions relating to the amount of annuity to which a separated or retired employee is entitled, or to specific benefits of survivors of employees or of annuitants, are referred to the:

RETIREMENT OPERATIONS CENTER
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 45
BOYERS PA 16017-0045

569.5 Information Source for Employees

Questions relating to administration, or questions requiring interpretation of the Civil Service retirement law or regulations, are referred to the:

MGR COMPENSATION
EMPLOYEE RESOURCE MANAGEMENT
US POSTAL SERVICE
475 L'ENFANT PLZ SW
WASHINGTON DC 20260-4213

569.6 Federal Income Tax

569.61 Taxable Annuities

The "three-year rule" was repealed by the Tax Reform Act of 1986 for any individual whose annuity starting date is after July 1, 1986. In general, this rule provided that annuities were tax-free, to the extent that employee contributions were made, for up to 3 years. Annuities effective after July 1, 1986 are subject to the "general rule" under the Internal Revenue Code. This rule provides that each monthly annuity payment is made up of two parts: (1) the tax-free part (which represents a return of employee contributions) and (2) the taxable balance. The tax-free part, once calculated, is a specific dollar amount which remains in effect until an annuitant has recovered all of the contributions made to the retirement fund. At that time, the entire monthly annuity becomes taxable. Publication 721, *Comprehensive Tax Guide to U.S. Civil Service Retirement Benefits,* available from the Internal Revenue Service, explains how the federal tax rules affect CSRS annuities.

569.62 Federal Income Tax Withholding

CSRS annuities are subject to federal income tax withholdings unless an annuitant elects not to have tax withheld. If an annuitant elects not to have tax withheld, he may have to make estimated tax payments. Generally, the tax withheld or estimated tax, or the total of both, must cover at least 90 percent of an annuitant's total tax for the year or 100 percent of the tax shown on the annuitant's return for the previous year, whichever is less. Annuitants elect the amount they wish to have withheld on Form W-4PA, which is available from OPM.

569.63 Federal Income Tax Questions

Questions relative to any aspect of federal income tax are referred to the District Director of Internal Revenue.

569.7 Privacy Act Considerations

569.71 General

Retirement records contain information about individuals. As such, they may be handled and disclosed only in accordance with the Privacy Act and implementing instructions.

569.72 OPM Records

Those records which are sent to OPM become the OPM's records. Retired employees making privacy requests specifically for those records should, therefore, direct their requests to the:

RETIREMENT OPERATIONS CENTER
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 45
BOYERS PA 16017-0045

569.73 Postal Service Records

Copies of an individual's retirement records and related correspondence may be maintained within the Postal Service in one of two ways: either in the personnel area as part of the privacy system entitled *USPS 120.070, Personnel Records — General Personnel Folders (Official Personnel Folders and Records Related Thereto)*, or in the PDC as part of the privacy system entitled *USPS 050.020, Finance Records — Payroll System*. Employees making requests specifically for access to or update of these records direct their requests to the nearest Postal Service personnel office for processing.

570 Social Security and Medicare

571 General Information

571.1 Overview

This subchapter on Social Security and Medicare is designed to be illustrative and provide general guidance. Employees with specific questions concerning their Social Security or Medicare should address those questions to the nearest office of the Social Security Administration. Social Security information is also available on the Internet at *http://www.ssa.gov* or by phone at 1-800-772-1213 and TTY 1-800-325-0778.

571.2 Social Security

571.21 Objectives

Social Security (SS) is the federal government's basic method of providing a continuing income to workers and their families when their earnings are terminated or reduced because of retirement, disability, or death. Social Security insurance payments are not meant to replace all lost earnings;

therefore, employees are encouraged to supplement Social Security payments with savings, private pensions, investments, or other insurance.

571.22 Programs

The Social Security Act and related laws have established a number of programs to accomplish the above objectives. Retirement, survivors, and disability insurance payments, commonly known as Social Security Benefits, are among the programs administered by the Social Security Administration (SSA).

571.3 Medicare

The Health Care Financing Administration (HCFA) is responsible for administering the federal health insurance program commonly known as *Medicare*. This program was established to provide comprehensive health insurance protection for people age 65 or older and certain disabled people. Medicare is composed of two parts — hospital insurance and medical insurance. In most instances, a person must file an application for benefits and must meet certain eligibility requirements to actually receive benefits under those programs.

572 Coverage

572.1 Employees Covered

572.11 Social Security

Employees covered for Social Security include:

a. Casual employees.

b. Temporary employees.

c. Substitute rural carriers.

d. Auxiliary rural carriers.

e. Rural carrier reliefs.

f. Rural carrier associates.

g. All employees newly hired on or after January 1, 1984, including employees with previous federal service (other than rehired annuitants) with a break in service 365 days or longer, and any other employees not covered by the Civil Service Retirement System (CSRS), the Federal Employees Retirement System (FERS), or any other federal retirement system and not excluded by 572.2.

572.12 Medicare

Employees covered for Medicare include:

a. All employees covered by 572.11.

b. Individuals whose employment began under CSRS or any other federal retirement system prior to January 1, 1984.

572.2 Exclusions From Social Security and Medicare

Employees excluded from Social Security and Medicare include:

a. Contractors such as mail messengers, star route contractors, clerks in charge of contract stations, and job cleaners.

b. Special delivery messengers paid on a fee basis.

c. Persons hired because of an emergency such as fire, flood, or earthquake.

572.3 FERS Employees

All Social Security and Medicare contributions, eligibilities, benefits, rights, and privileges are determined the same for FERS participants as for any other covered participant stated in 572.1.

573 Social Security and Medicare Contributions

573.1 Federal Insurance Contributions Act (FICA) Taxes

573.11 Employee/Employer Payments

a. The Postal Service and covered employees each pay equal amounts of FICA taxes to the U.S. Treasury Department through employee payroll deductions and matching Postal Service contributions.

b. All employees listed in 572.11 contribute amounts for the full Social Security coverage (Social Security benefits and Medicare); while employees hired prior to January 1, 1984, and covered by the CSRS, contribute for Medicare coverage only.

573.12 Effective Percentage Rate

573.121 Full Coverage

Beginning in 1989, the Postal Service, and all employees covered under Social Security as listed in 572.11 and CSRS employees who transferred to FERS each pay 7.51 percent of the employee's gross annual earnings (including cost-of-living adjustments and premium pay differentials). The total contribution rate for both Social Security and Medicare benefits, however, is scheduled to change to 7.65 percent beginning in 1990 and remaining constant through 1999.

573.122 Medicare Coverage Only

Employees covered for Medicare only contribute 1.45 percent of their gross wages with the Postal Service contributing a like amount. The Medicare rate is scheduled to remain the same through 1999.

573.13 Base Earnings

The maximum amount of annual earnings that can be used for Social Security purposes and on which contributions are based is $65,400 in 1997. The earnings maximum may be adjusted annually according to the increase in earnings level.

573.14 FICA Inquiries

Direct inquiries on FICA payroll deductions to the Director, Eagan ASC.

573.2 Allowances Not Subject to FICA Taxes

Allowances not subject to FICA taxes include:

a. Clothing allowances.

b. Territorial cost-of-living allowances paid to employees in Puerto Rico, Virgin Islands, Hawaii, Alaska, and Guam.

c. Equipment maintenance allowances.

d. Lock pouch allowance.

574 Quarters of Coverage

574.1 Social Security Quarter of Coverage

Quarters of coverage to qualify for Social Security benefits and Medicare are earned when employees have performed a certain quantity of work at a job covered by Social Security. A Social Security quarter of coverage (SSQC) is any calendar quarter (a 3-month period beginning the first day of January, April, July, and October) in which employees, prior to 1978, were paid at least $50 in wages for work that was covered by Social Security. From 1978, employees have been credited with one quarter of coverage (up to a maximum of 4 annually) for a specified amount of earnings. Each year, under a formula in the Social Security Act, the Secretary of Health and Human Services determines the amount of earnings that will equal a quarter of coverage. The amounts needed to earn a quarter of coverage will be determined by November 1 of each preceding year and are published in the Federal Register. This figure is based on increases in the average total wages of all workers.

574.2 Federal Quarter of Coverage (Medicare)

574.21 CSRS Employees

Section 278 of Public Law 97-248, the Tax Equity and Fiscal Responsibility Act of 1982, extended Medicare coverage to federal/postal employees covered by the CSRS and required them to pay the Hospital Insurance portion of the FICA tax beginning January 1, 1983.

574.22 Earned Federal Quarters of Coverage

Through payment of the tax, those employees earn *actual* federal quarters of coverage (FQCs) for periods of service after January 1983 in the same manner that Social Security quarters of coverage are earned.

574.23 Deemed (Credited) FQCs

Deemed FQCs are quarters of coverage deemed to have occurred before January 1, 1983. Any person employed by the federal government/Postal Service before January 1, 1983 who also worked at any time during January 1983 may receive *deemed* FQCs for each quarter of federal/postal service performed before January l, 1983, provided the quarter:

a. Was not covered under the regular Social Security System and

b. Would have qualified as a Social Security quarter of coverage had the employee's federal/postal employment been covered by the Social Security Act.

574.24 Combining Earned and Deemed FQCs

Total FQCs (deemed and actual) may be used alone, or in combination with regular Social Security quarters of coverage (SSQCs), in order to meet the number of quarters required for Medicare coverage.

574.25 Establishing Deemed FQCs

574.251 Using OPM Form 1528

If an employee would not be insured using only FQCs earned after January 1983 or in combination with SSQCs, evidence must be provided to the SSA in order to establish deemed FQCs. The most viable method of establishing this evidence is by use of the Office of Personnel Management (OPM) Form 1528, *Notification of Earnings for Medicare Eligibility,* which provides a listing of gross earnings, as shown on postal records, for a maximum of 10 calendar years prior to 1983.

The Eagan ASC will complete and certify, in triplicate, OPM Form 1528 for all career employees who were active on the rolls in January 1983, but have subsequently separated, or are still employed and are old enough to qualify for Medicare (age 65 or older). The original will be given to the employee, and two copies will be permanently retained in the employee's official personnel folder (OPF). OPM Form 1528 may be presented to HCFA in order to receive credit for deemed FQCs.

574.252 Using Other Evidence

In addition to OPM Form 1528, the following constitute acceptable proof of pre-1983 earnings:

a. W-2 forms.

b. Pay slips.

c. A signed statement from the employing agency certifying to the amount of wages paid each year as shown on the agency's records.

574.253 By Special Request

If none of the above proofs can be obtained, or where less than 10 years of earnings history is available, the HCFA may request pre-1983 earnings information from:

CIVILIAN PERSONNEL RECORDS
NATIONAL PERSONNEL RECORDS CENTER
NATL ARCHIVES AND RECORDS ADMINISTRATION
111 WINNEBAGO ST
ST LOUIS MO 63118-4126

574.3 Insured Status

A person must be insured under the Social Security Program before retirement, survivors, or disability insurance benefits can be paid to the person or the person's family. Different sets of requirements must be met for each type of benefit. Insured status is determined by the number of quarters of coverage credited to a person's Social Security record as follows:

a. *Fully Insured.* At least one quarter of coverage for each calendar year elapsing after 1950 or after age 21, whichever is later, and up to the earliest of age 62, death, or disability. The requirements range from a minimum of six to a maximum of forty quarters of coverage and are dependent upon the worker's year of birth, or year or age of death, or disability. A fully insured status is only one requirement for determining whether a particular type of benefit will be paid or provided. It does not mean that all types of benefits can be obtained on the person's Social

Security record, nor does it affect the amount of benefits that can be paid.

b. *Currently Insured.* Six quarters of coverage during the thirteen-quarter period ending the quarter in which the worker either dies or becomes entitled to disability benefits, whichever is earlier. Currently insured status is sufficient for payment of a limited number of benefits.

c. *Disability Insured.* Fully insured and at least twenty quarters of coverage in the last forty quarters through the quarter in which disability occurs. A special insured status is needed to qualify for disability insurance benefits or to establish a period of disability. A person disabled because of blindness need only acquire fully insured status. Workers disabled before age 31 must meet less stringent requirements.

574.4 Coverage Requirements for Benefits

Quarters of coverage required in order to be fully insured for Social Security retirement and Medicare benefits:

Year of Birth	Quarters of Coverage
1913	24
1914	25
1915	26
1916	27
1917	28
1918	29
1919	30
1920	31
1921	32
1922	33
1923	34
1924	35
1925	36
1926	37
1927	38
1928	39
After 1928	40

575 Benefits

575.1 Social Security

575.11 Application Required

Social Security benefits are not paid automatically. Claimants must file an application for benefits with the nearest Social Security Office.

575.12 Retirement Benefits

A fully insured employee is eligible to receive monthly retirement benefits as early as age 62, but at a reduced rate. Employees receive the full benefits rate if they wait until age 65 before filing for benefits. Under the Social

Security Amendments of 1983, the retirement age gradually rises to age 66 by the year 2005 and age 67 by the year 2027. The law does not affect the availability of reduced benefits at age 62. If workers meet the eligibility requirements, Social Security retirement payments are also made to their dependents. Contact SSA for an explanation of which dependents are eligible for benefits.

575.13 Disability Benefits

575.131 Worker Receiving Benefits

To receive disability benefits under the Social Security Program, an individual must provide proof from a doctor, hospital, or clinic providing treatment, attesting to the worker's inability "to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that has lasted or is expected to last 12 months or to result in death." Additionally, the impairment must preclude an individual's ability to engage "in any kind of substantial gainful activity which exists in the national economy, regardless of whether such work exists" in the immediate area of residence.

After a 5-month waiting period, a worker who becomes disabled is eligible to receive disability payments provided that the individual is both fully and disability insured. In addition to being "fully insured," workers disabled at age 31 or older must have had 5 years (twenty quarters) of coverage in the last 10 years prior to becoming disabled. A delay of over 12 months in making application for disability benefits may result in losing benefits; however, there are special conditions which warrant an extension.

575.132 Dependents Receiving Benefits

Disability payments are also made to disabled worker's dependents. The disabled worker may contact the SSA for an explanation of necessary eligibility requirements for disability benefits.

575.14 Survivor's Benefits

Benefits are payable to the family upon a covered worker's death at any age provided that the worker is fully or currently insured. Eligible survivors of a fully insured worker will be determined by SSA.

575.2 Medicare (Hospital and Medical)

575.21 Coverage

Medicare consists of two health insurance programs:

a. Hospital insurance (Part A) is a basic plan which provides payments for inpatient hospital care, posthospital extended care service, posthospital home health-care services, outpatient hospital diagnostic services, and hospice care. Federal and postal employees contribute FICA taxes through payroll deductions for Part A coverage.

b. Medical insurance (Part B) is a voluntary supplementary plan which provides payments for medically necessary doctor's services, outpatient hospital services, medical services and supplies, home health services, outpatient physical therapy, and other home health-care services. Part B is financed through monthly premiums paid by the enrollee with the federal government paying a like amount.

575.22 Eligibility

575.221 Age Sixty-Five or Older

The following provisions apply:

a. *General.* Practically everyone 65 or older is eligible for Medicare. Employees are not required to retire in order to attain Part A hospital insurance protection at age 65.

b. *Automatic Enrollment.* Persons entitled to Social Security retirement or disability benefits will automatically be enrolled at age 65 in both the basic hospitalization plan (Part A) and the voluntary supplementary medical insurance plan (Part B). Those eligible for automatic enrollment must be given an opportunity to decline the Part B coverage.

c. *Enrollment by Application.* Federal and postal employees who are eligible for Medicare, Part A, on the basis of federal/postal employment and who are not otherwise entitled to Social Security retirement and disability must apply for hospital insurance in order for it to begin at 65. Employees who continue to work after age 65 also must file an application for Part A Medicare coverage to begin at age 65. Those eligible should file an application for Part A coverage about 3 months before their 65th birthday.

(1) Anyone eligible for Part A who is not automatically enrolled in Part B may apply for the Part B medical insurance coverage. No Social Security or federal/postal work credits are needed to become enrolled in Part B, but a monthly premium is required.

(2) The initial Part B enrollment period for each person is the 7-month period beginning with the first day of the third month before the month in which age 65 is attained or, for the disabled, the first month of eligibility for Part A coverage.

(3) The employee may also sign up for Part A any time after the initial enrollment period, but if the employee does not sign up for Part B during the initial enrollment period, the premiums increase.

575.222 Under Age Sixty-Five

The following people under 65 are eligible:

a. Disabled people who have been receiving (or who are entitled to) Social Security disability benefits for 2 consecutive years or more.

b. People insured under Social Security (and their spouses and children) who need dialysis treatment or kidney transplants because of chronic kidney disease.

575.23 If an Employee Works After Age Sixty-Five

575.231 Same Health Benefits Offered

An employer must offer workers age 65 or older the same health benefits under the same terms and conditions as those offered to workers under 65. An employee who continues to work after 65 has the option to accept or reject coverage under the Federal Employees Health Benefits Program (FEHBP).

575.232 **Written Explanation**

Employees and their spouses age 65 or older must be provided with a written explanation of all available health plans and of their options under these plans. Specifically, this written explanation must include information about the consequences of electing coverage under FEHBP and the effects of such a choice on Medicare coverage.

575.233 **Election in Writing**

Employees must also be given an opportunity to make an election in writing. If the employee accepts the FEHBP coverage, Medicare will become the secondary health insurance payer. But, if the FEHBP is rejected, Medicare will remain the primary health insurance payer. As indicated in 575.221c any employee who will continue to work after age 65 must file an application for Part A in order for Medicare protection to begin at age 65.

575.3 Events That Can Affect Benefits

575.31 Social Security

Benefit payments will be affected if a retiree under age 70 returns to work and earnings exceed the annual exempt amount. A total annual exempt amount is determined each year for people 65 or over, and another for people under 65. In future years, the annual exempt amounts will increase automatically according to the rise in the level of average wages. If earnings exceed the annual exempt amount, $1 is withheld in benefits for each $2 of earnings above the limit. Starting in 1990, $1 in benefits will be withheld for each $3 in earnings above the limit for people in the 65 to 69 age group. Beginning in 2000, the age at which this withholding rate applies will increase as the retirement age increases.

575.32 Medicare

If an employee has Medicare hospital insurance because of entitlement to Social Security benefits on a spouse's work record, the protection will end if entitlement to benefits ends. If hospital insurance is obtained as the spouse of a federal employee, the protection will end if the employee and spouse divorce before the marriage has lasted 10 years. If hospital insurance is based on the employee's own Social Security work record or own federal/ postal employment, the protection will continue for life.

575.4 Elimination of Retirement Windfall Benefits

575.41 Purpose

The 1983 amendments to the Social Security law provide for a modified benefit formula (MBF) designed to eliminate windfall Social Security benefits. The Social Security benefit computation formula has always been weighted to replace a higher portion of preretirement earnings for workers with low earnings than for workers with substantial earnings under Social Security. Although this weighted formula is intended to benefit workers with a history of low earnings, it also works to the advantage of persons who had substantial income from jobs not covered by Social Security. The MBF eliminates the excess benefit provided to such persons by using a less heavily weighted benefit formula to calculate benefits. Also, the provisions of the MBF guarantee that the reduction in the Social Security benefit cannot

exceed one-half of that part of the pension based on noncovered employment after 1956.

575.42 When the Modified Benefit Formula Applies

The modified formula applies when a worker is first eligible, after December 31, 1985, for both a Social Security retirement or disability benefit (excluding Railroad Retirement) *and* a pension from employment not covered by Social Security. However, the formula will not apply to workers who have 30 years of Social Security coverage, and it will have a lesser effect on workers with 26 to 29 years of coverage under Social Security. Also, employees hired on or after January 1, 1984, who became mandatorily covered by Social Security are not subject to the modified computation provisions.

575.5 Computation of Benefits

575.51 Step 1 — General Computation of Average Indexed Monthly Earnings

Retirement benefits are generally computed using a worker's yearly earnings beginning with 1951 (or with attainment of age 22, if later) up to the year the employee reaches age 62. Only earnings up to the maximum creditable under Social Security for each year may be used. The yearly amounts are indexed to account for increases in coverage earnings in the economy since the time they were earned. By adding the indexed earnings and dividing by the total months in the years used, excluding up to 5 years of low or no earnings, the Average Indexed Monthly Earnings (AIME) is determined. In disability cases, the AIME is computed using earnings up to the year the disability begins. With both retirement and disability claims, up to 5 years of low or no earnings may be dropped from consideration in computing the AIME.

575.52 Step 2 — General Computation of Primary Insurance Amount

575.521 Without Modified Benefit Formula

A Social Security benefit is weighted by dividing the AIME into three tiers or levels (see 575.53). The dividing points change each year for newly eligible workers as average earnings levels change. The monthly benefit is computed by taking 90 percent of first-tier earnings, 32 percent of second-tier earnings, and 15 percent of third-tier earnings. Thus, workers with low average earnings receive a higher percentage of their earnings. The results are added to obtain the basic benefit rate which is the Primary Insurance Amount (PIA). This amount is then rounded to the next lower multiple of $.10 if it is not already a multiple of $.10. The benefit is actuarially reduced if retirement benefits are paid before age 65.

575.522 With Modified Benefit Formula

Under the MBF, the weighting will be phased out by reducing the percentage in the first tier by 10 percent per year from 1986 to 1990. The MBF will be fully effective for workers who attain age 62 or become disabled in 1990 or later. The second- and third-tier percentages will remain unchanged.

575.53 Transitional Provisions

Effective for persons first eligible for *both* (1) a pension based on noncovered employment *and* (2) a Social Security Retirement or Disability Benefit in:

Year of Eligibility	Percentage of First Tier Earnings to Be Used in Benefit Computation
1986	80
1987	70
1988	60
1989	50
1990 & later	40
Percentages of the 2nd and 3rd band of earnings will remain the same.	

Years of Substantial Earnings	Percentage of First Tier Earnings to Be Used in Benefit Computation
29	No less than 80
28	No less than 70
27	No less than 60
26	No less than 50
Percentages of the 2nd and 3rd band of earnings will remain the same.	

575.54 Examples of Social Security Benefits Computations — Primary Insurance Amount (PIA)

575.541 General Formula

The general formula for computing PIA is as follows. The dollar amount limits for each tier in the formula are as stated in Social Security Publication No. 05-10070, March 1997, and are subject to change.

First Tier	90% of AIME through $455
Second Tier	32% of AIME from $456 through $2,741
Third Tier	15% of AIME over $2,741

575.542 Computation Example Using General Formula — Employee Without Noncovered Pension Benefit

Computation for a worker with an AIME of $1,200 and *no noncovered (CSRS) pension benefit* is shown below.

First Tier	90% of $455	=	$409.50
Second Tier	32% of $745 ($1,200 minus first $455)	=	$238.40
Third Tier	15% of $0	=	0.00
	PIA	=	$647.90

575.543 Computation Examples Using Modified Benefit Formula — Employees With Noncovered Pension Benefits

Computations for workers with AIMEs of $1,200 and *noncovered (CSRS) pension benefits,* becoming eligible for benefits after January 1, 1990, are shown below.

The Modified Benefit Formula provisions provide a guarantee that the reduction in Social Security benefit cannot exceed one-half of that part of the pension based on noncovered employment. To determine if the guarantee

applies, a comparison of the first tier computations at 90 percent and at 40 percent is necessary.

First Tier @ 90% of $455	=	$409.50
First Tier @ 40% of $455	=	$182.00
Difference between 90% and 40% factors above (reduction in benefits due to MBF computation)	=	$227.50

Example 1 — Noncovered Pension Benefit of $550

50% of $550 (noncovered pension benefit)	=	$275.00
Thus: $227.50 (MBF reduction) NOT > $275.00 (50% of noncovered benefit)		

As the reduction in benefits when using the MBF computation ($227.50) is not greater than 50 percent of the noncovered pension ($275.00), the guarantee does not apply and the 40 percent factor is used to compute the PIA.

First Tier	40% of $455	=	$182.00
Second Tier	32% of $745 ($1,200 minus first $455)	=	$238.40
Third Tier	15% of $0	=	0.00
	PIA	=	$420.40

Example 2 — Noncovered Pension Benefit of $250

50% of $250 (noncovered pension benefit)	=	$125.00
Thus: $227.50 (MBF reduction) > $125.00 (50% of noncovered benefit)		

As the reduction in benefits when using the MBF computation ($227.50) is greater than 50 percent of the noncovered pension ($125.00), the guarantee does apply and the PIA is computed as below.

First Tier	50% of $250 (noncovered pension)	=	$125.00
Second Tier	32% of $745 ($1,200 minus first $455)	=	$238.40
Third Tier	15% of $0	=	0.00
	PIA	=	$363.40

575.6 Government Pension Offset

575.61 Purpose

The purpose of the government pension offset is to eliminate windfall payments to retired government workers who have their own pensions and who also would receive Social Security benefits as a spouse or surviving spouse. The government pension offset applies *only* to Social Security benefits for a spouse or surviving spouse. It does not apply to Social Security retirement or disability benefits based on a person's own work covered by the program even if the person also receives a government pension. Social Security benefits paid to spouses and surviving spouses are offset by the amount of any public (federal, state, local) retirement benefits payable to the spouse on the spouse's own work in noncovered public employment.

575.62 **Exceptions**

The following provisions apply:

a. Employees may be exempt from the pension offset if both of these requirements are met:

(1) They began to receive, or were eligible to receive, a federal, state, or local government pension *before December 1982*. This means that the age and length-of-service requirements for the pension must have been met before December 1982 even though application for the pension was not made before then.

(2) They satisfy all the requirements for the spouse's or surviving spouse's Social Security benefits in effect in January 1977. At that time, a divorced woman's marriage must have lasted at least 20 years rather than 10 years as required today, and a husband or widower must have received at least one-half of his support from his wife.

b. Even if employees do not met these criteria, they still may be exempt from the offset beginning with Social Security benefits payable December 1982 if *both* of these requirements are met:

(1) They were receiving, or were eligible to receive, a federal, state, or local government pension before July 1, 1983.

(2) They were receiving at least one-half of their support from their spouse. This provision applies to men and women.

c. In addition to the exceptions mentioned earlier, the offset will not apply if *any one* of these requirements is met:

(1) The government service which the pension is based on is covered by Social Security on the last day of employment; or (b) The employee is entitled to Social Security benefits as a spouse, or surviving spouse, based on an application filed before December 1977.

(2) The government pension that the spouse is receiving is not based on the spouse's own earnings.

(3) The employee elected to transfer into FERS on or before December 31, 1987. The government offset applies only to Social Security benefits for a spouse or surviving spouse. It does not apply to Social Security retirement or disability benefits based on a person's own work covered by the program even if the person also receives a government pension.

575.63 **Amount of Offset**

If the employee is not exempt from the offset, the amount of the government pension that will be used for calculating the offset against the spouse's or surviving spouse's Social Security benefits will depend on when the spouse first became eligible for the pension (not when the spouse actually applies for it):

a. Before July 1983 — All of the pension will be used for any benefits payable for months before December 1984. Effective with December 1984, the offset amount is two-thirds of the pension.

b. July 1983 or later — Two-thirds of the pension will be used.

The offset works much the same way that benefits are offset when a person is entitled to more than one type of Social Security benefit. For example, the Social Security check paid to a spouse or surviving spouse (widow, or widower) is reduced by the amount of any Social Security benefit that person earned in his or her own right.

580 Federal Employees Retirement System

Additional Material:
References to additional material concerning the subject matter in some sections of this chapter are indicated in boxed sections identified as "Reference Notes."

581 General

Reference Note:
For additional material concerning the subject matter found in 581, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapters 10 and 20.

581.1 Scope

See 580 covers the basic portion of FERS. Social Security is covered in 570. The Thrift Savings Plan is covered in 590. The CSRS is covered in 560.

581.2 Administration

OPM administers the basic portion of FERS. The FERS laws, policies, and regulations issued by OPM, including those governing employee eligibility and benefits, are controlling in the event of conflict with the information in this subchapter.

581.3 Employees Covered

FERS applies to:

a. Employees whose initial career appointment was January 1, 1984, or later;

b. Employees whose initial career appointment was prior to January 1, 1984, but who subsequently had a break in service of 366 days or more and had less than 5 years of creditable civilian service prior to January 1, 1987;

c. Career employees who elected to be covered by FERS.

581.4 Exclusions

FERS does not apply to:

a. Noncareer employees;

b. Employees who had 5 or more years of creditable civilian service under CSRS rules as of December 31, 1986, even though none of this service was covered by CSRS deductions (such as substitute rural carriers) unless they elect FERS coverage;

c. Employees previously covered by CSRS who have a break in service of 365 days or less;

d. Employees serving under appointments limited to 1 year or less; and

e. Employees covered by another retirement system.

582 Creditable Service

582.1 General

Reference Note:
For additional material concerning the subject matter found in 582.1 through 582.3, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapters 10 and 20.

582.11 Types of Service

Generally, civilian service performed for the federal government or the U.S. Postal Service may be creditable for retirement purposes. Military service may be creditable under certain circumstances (see 582.7).

582.12 Specific Creditable Civilian Service

The following service is creditable civilian service under FERS

a. Service performed after December 31, 1986, for which deductions were not refunded to the employee.

b. Service performed prior to January 1, 1989, that would have been creditable under CSRS rules provided the employee was subject to retirement or has made a deposit for the service, neither of which has been refunded to the employee since becoming subject to FERS.

c. Service performed on or after January 1, 1989, when deductions for the FERS basic were withheld from salary provided such deductions were not refunded to the employee.

d. Service performed under CSRS prior to transferring to FERS provided deductions were not refunded to the employee after becoming subject to FERS. (This CSRS time became FERS upon transferring.)

582.13 Time Credit

Generally, full-time credit is allowed for periods of government employment between the dates of an employee's appointment and separation.

Credit is not allowed for that period which exceeds 6 months of LWOP in a calendar year.

582.14 Breaks in Service

Periods of separation of 3 calendar days or less are not deducted in computing total creditable service.

Periods of LWOP while performing military service are not included when determining LWOP in excess of 6 months in a calendar year (see 582.13).

Periods when the employee was receiving OWCP benefits are not considered breaks in service (see 582.4).

582.2 Deductions Refunded

Service for which deductions were refunded to the employee after becoming subject to FERS is no longer creditable for either eligibility to retire or calculation of the annuity. Once refunded, deductions may never be redeposited.

582.3 Part-Time Service

Retirement benefits that include part-time employment will be prorated by a ratio of the part-time hours worked to the number of hours a full-time employee would have worked.

582.4 Employee Receiving OWCP Benefits

Reference Note:
For additional material concerning the subject matter found in 582.4, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 102
- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapters 10 and 20.

582.41 Employee on Leave Without Pay (LWOP)

Credit is allowed for the entire period that an employee receives OWCP benefits if the employee is carried on the Postal Service rolls in LWOP status.

582.42 Employee Separated

Credit is allowed for a period of separation during which a former employee (not an annuitant) was in receipt of OWCP benefits, provided the employee is later reemployed in the Postal Service (or federal service). Annuitants who are reemployed after a period of separation during which they received OWCP benefits in lieu of an annuity receive credit for the separation only after they have qualified for a redetermination of the annuity. See 586.65, Reemployed 5 Years or More.

582.5 Employee Restored After Erroneous Removal or Suspension

Reference Note:
For additional material concerning the subject matter found in 582.5 through 582.6, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapters 10 and 20.

582.51 Policy

An employee whose separation or suspension is determined to have been improper and who is restored retroactively is considered for retirement

purposes as having properly been in the service during the intervening period of erroneous separation or suspension.

582.52 Determining Retirement Credit

If restoration is with entitlement to pay, the employee's basic pay over the intervening period is subject to regular retirement deductions and the employee receives credit for the entire period.

If restoration is without entitlement to pay, retirement credit is allowed for as much of the intervening period without pay as does not exceed 6 months in a calendar year (see 582.13).

582.6 Employee Granted LWOP to Serve Full-Time in Employee Organizations

If an employee is granted LWOP to serve as a full-time officer or employee of an organization composed primarily of federal and/or postal employees, the following action must be taken:

a. *Employing office:*

(1) Notify the employee of his or her right to elect, in writing, within 60 days, to continue retirement coverage, subject to payment of the required contributions that would have been deducted had she or he been in a pay status.

(2) Set up a follow-up system to remind the employee that election must be filed within 60 days of beginning LWOP.

(3) If, after being contacted, the employee refuses to make an election, document the action taken. Failure to make an election is considered an election not to continue retirement coverage. A copy of the election (or employing office's documentation) is filed in the employee's OPF.

b. *Employee:*

(1) File an election to continue retirement coverage for as long as in LWOP. The election must be filed with the employing office within 60 days of entering LWOP.

(2) Pay or arrange to have paid to the Eagan ASC (if election is to continue retirement coverage), on a current basis, both the employee and agency contributions that would be applicable if employee were in a pay status.

(3) Payment of the employee and agency contributions must be completed and not refunded to the employee.

Note: If an employee on LWOP serving as a full time officer or employee of an employee organization declines to continue retirement coverage, none of this time is creditable for retirement purposes.

582.7 Military Service

Reference Note:
For additional material concerning the subject matter found in 582.7, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapters 22 and 23.

582.71 Types of Service

Honorable active service in the Armed Forces of the United States; in the commissioned corps of the Public Health Service after June 30, 1960; or in the commissioned corps of the National Oceanic and Atmospheric Administration after June 30, 1961, can become creditable service upon completion of the required military deposit. Military service does not include service in the National Guard except when ordered to active duty in the service of the United States.

582.72 Military Service Prior to January 1, 1957

Military service performed prior to January 1, 1957, is creditable for retirement. No deposit is required for this service to be creditable.

582.73 Military Service After December 31, 1956

Military service performed after December 31, 1956, is creditable only when a deposit is completed prior to separation from service (see 582.5).

582.74 Required Conditions

Military service must have been performed before the date of separation from the service and must have been terminated by honorable discharge or under other honorable conditions.

582.75 Double Credit Not Permitted

An employee may not receive credit for both civilian service and military service covering the same periods of time.

582.76 Service Credit Deposit Required

582.761 Amount of Deposit

The amount of deposit for post-1956 military service is 3 percent of basic military pay plus applicable interest.

582.762 Charging Interest

The following provisions apply:

a. *Grace Period.* No interest is charged if the deposit is completed by December 31, 1989, or prior to completion of 3 years from the date an employee becomes subject to FERS, whichever is later.

b. *Rate of Interest.* Interest is charged at a rate as determined by the Secretary of the Treasury for each calendar year that equals the overall average yield to the Fund during the preceding fiscal year from all obligations purchased by the Secretary.

582.77 Military Retired Pay

Receipt of military retired pay bars the crediting of military service toward the FERS basic annuity except when one of the following conditions is met:

a. The retired pay is awarded for a service-connected disability incurred in combat with an enemy of the United States; or

b. The retired pay is awarded for a service-connected disability caused by a instrumentality of war and incurred in the line of duty during a period of war; or

c. The retired pay is awarded under Chapter 67 of Title 10, United States Code; or

d. The employee waives the military retired pay.

In all of the above situations the military service is subject to the post-1956 military service deposit requirements (see 582.73).

582.78 Waiver of Military Retired Pay

582.781 General

An applicant for retirement receiving military retired pay which bars the use of the military service in the computation of a FERS basic annuity may elect to give up military retired pay. The military service represented by the retired pay is then subject to the normal deposit requirements. After waiving the military retired pay and completing any required deposit, the service may be added to the civilian service in computing the FERS basic annuity.

582.782 Procedures

An employee who decides to waive military retired pay:

a. *Completes the required post-1956 military service deposit at any time prior to retirement.*

b. Notifies the appropriate Military Finance Center, at least 60 days before the retirement date, of the decision to waive military retired pay in order to utilize the military service in computing the FERS basic annuity. The notice includes:

   (1) The employee's full name, military rank, and serial number;

   (2) The desired date that military retired pay is to stop (the day before annuity begins); and

   (3) A request that the Military Finance Center notify OPM of the effective date of the waiver.

c. Attaches a copy of the waiver request to SF 3107, *Application for Immediate Retirement*. If acknowledgment of the waiver is received from the Military Finance Center before the retirement application is submitted to OPM (through the Eagan ASC), attaches a copy of the acknowledgment of the waiver.

582.8 Transfers to FERS

Reference Note:
For additional material concerning the subject matter found in 582.8, refer to:
- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 11.

Employees who elect to transfer to FERS and have 5 or more years of creditable civilian service prior to their transfer have both frozen creditable service under CSRS and creditable service under FERS. Should these employees separate and withdraw their retirement contributions, they permanently forfeit all credit for the FERS time and may never redeposit the FERS contributions. However, should these employees return to the federal service, they are again placed in FERS, based on their prior election.

583 Annuities

583.1 General Requirements

Reference Note:
For additional material concerning the subject matter found in 583.1, refer to:
- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 41.

583.11 Conduct

An annuity may not be paid to any employee who has ever been convicted of an offense involving the national security of the United States.

583.12 Time

To be eligible for an annuity an employee must have at least 5 years of creditable civilian service.

583.13 Age and Service

Employees separated for any reason, except as stated in 583.11, are eligible for optional retirement and an immediate unreduced annuity if they meet one of the following combinations of age and service:

a. Age 62 with 5 years of creditable civilian service.

b. Age 60 with 20 years of creditable service including 5 years of creditable civilian service.

c. The minimum retirement age (MRA) with 30 years of creditable service including 5 years of creditable civilian service.

583.14 Minimum Retirement Age

The minimum retirement age (MRA) is determined by an individual's year of birth, as follows:

Year of Birth	MRA
Before 1948	55 Years
1948	55 Years and 2 Months

Year of Birth	MRA
1949	55 Years and 4 Months
1950	55 Years and 6 Months
1951	55 Years and 8 Months
1952	55 Years and 10 Months
1953–1964	56 Years
1965	56 Years and 2 Months
1966	56 Years and 4 Months
1967	56 Years and 6 Months
1968	56 Years and 8 Months
1969	56 Years and 10 Months
1970 and After	57 Years

583.15 Immediate Reduced Annuity

In addition to the immediate unreduced annuities listed in 583.13, an individual may choose an immediate reduced annuity under the following conditions:

a. The individual meets the minimum retirement age;

b. The individual has at least 10 years of creditable service including 5 years of creditable civilian service; and

c. The annuity is reduced by 5 percent per year for every year the individual is under age 62. This is prorated on the basis of 5/12 of 1 percent for every full month.

583.2 Requirements and Procedures by Types of Separations

583.21 Involuntary Separation

Reference Note:
For additional material concerning the subject matter found in 583.21, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 44.

An employee who is involuntarily separated from the service is entitled to an immediate annuity if the employee meets the following requirements:

a. Has completed 25 years of creditable service, including 5 years of creditable civilian service, regardless of age, or

b. Has completed 20 years of creditable service including 5 years of creditable civilian service and is 50 years of age or over.

c. The separation is not for cause on charges of misconduct or delinquency.

d. The employee has not declined a reasonable offer of another position.

583.22 Mandatory Retirement

Postal Inspectors are the only postal employees subject to mandatory retirement because of age. They are subject to mandatory retirement on the last day of the month in which they become 57 years of age or complete 20 years of law enforcement service if then over that age.

583.23 Disability Retirement Requirements

Reference Note:
For additional material concerning the subject matter found in 583.23, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 60.

583.231 Service

The employee must have completed at least 18 months of creditable civilian service.

583.232 Disability

The employee must, while employed under FERS, have become disabled because of a medical condition resulting in a deficiency in performance, conduct, or attendance; or if there is no deficiency, the disabling medical condition must be incompatible with either useful and efficient service or retention in the position.

583.233 Duration

The disabling medical condition must be expected to continue for at least 1 year from the date the individual became disabled.

583.3 Deferred Annuity

Reference Note:
For additional material concerning the subject matter found in 583.3, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 45.

583.31 Eligibility

An employee is eligible for a deferred annuity if the employee separates prior to qualifying for an immediate annuity and has at least 5 years creditable civilian service.

583.32 Commencement Date

If the employee has at least 5 years creditable the deferred annuity may begin the first day of the month following the month in which the individual attains age 62. If the employee has at least 10 years creditable service, including 5 years creditable civilian service, the annuity may begin as early as the first day of the month following the month in which the individual attains the minimum retirement age (see 583.14). These annuities may be subject to a reduction based on age (see 583.15).

583.33 Restriction

The individual must not withdraw his or her retirement contributions from the retirement fund in order to be eligible for a deferred annuity.

584 Types of Annuities

584.1 Annuity Without Survivor Benefits

Reference Note:
For additional material concerning the subject matter found in 584.1 through 584.25, refer to:
- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 50.

This type of annuity provides unreduced payments during the life of the retiree. There is no survivor annuity payable to anyone.

584.2 Annuity With Survivor Benefits

584.21 General

This type of annuity provides a retiring employee with reduced annuity payments and, upon the retiree's death, provides the current and/or former spouse(s) with survivor annuity payments. An annuity with full survivor benefits to the current spouse is automatic for a retiring employee who is married at retirement unless the current spouse consents to a different election.

584.22 Spouse Eligibility

584.221 Current Spouse Eligibility

To be eligible for a survivor annuity after the death of a retiree, the current spouse must have been married to the retiree for at least 9 months or be the parent of the retiree's child. This requirement does not apply if the retiree's death is accidental.

584.222 Election of Annuity for Former Spouses(s)

To elect a survivor annuity for a former spouse, the retiring employee must have been married to the former spouse for at least 9 months.

584.23 Maximum Survivor Annuity

The combined total of survivor annuity(ies) that can be provided to a current spouse and/or former spouse(s) cannot exceed 50 percent of the retiring employee's unreduced annuity.

584.24 Reduction in Annuity

The reduction in the retiring employee's annuity is 10 percent if the retiring employee chooses a full survivor annuity of 50 percent. The reduction is 5 percent if the retiring employee chooses a partial survivor annuity of 25 percent.

584.25 Effective Date

The survivor annuity(ies) commences on the day after the death of the retiree and ends on the last day of the month before the current or former spouses marries before age 55 or dies.

584.26 Annuity to Former Spouse(s) Based on a Court Order

Reference Note:
For additional material concerning the subject matter found in 584.26 through 584.29, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 52.

584.261 General

OPM must honor a court order/divorce decree that gives (awards or requires a retiring employee to provide) a survivor annuity to a former spouse. A court-ordered former spouse annuity takes precedence over an election to provide a survivor annuity to a current spouse. A retiring employee's annuity will be automatically reduced by OPM to provide a court-ordered former spouse annuity. Court orders are sent to:

COURT ORDER BENEFITS SECTION
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 17
WASHINGTON DC 20044-0001

584.262 Current Spouse Election

If a former spouse is entitled to a court-ordered survivor annuity, the retiring employee must make an election concerning a survivor annuity for the current spouse as if there were no court-ordered former spouse annuity.

584.263 Protection of Current Spouse's Entitlement

A retiring employee can protect a current spouse's entitlement to a survivor annuity by electing a full or partial survivor annuity for the current spouse at retirement. This is accomplished when:

a. The court order gives the former spouse the maximum survivor annuity, in which case the current spouse would not be entitled to a survivor annuity until the former spouse loses entitlement because of remarriage before age 55 or death; or

b. The court order gives the former spouse less than the maximum survivor annuity; in which case the current spouse would be entitled to a partial survivor annuity up to the amount elected, but not exceeding the difference between the court-ordered survivor annuity and 50 percent of the retiring employee's unreduced annuity. If the former spouse loses entitlement (because of remarriage before age 55 or death), the current spouse's annuity would be increased, if necessary, to the amount elected.

584.27 Annuity to Person With Insurable Interest

584.271 General

This type of annuity provides payments at a reduced rate during the life of the retiring employee. Upon the retiree's death, it provides a survivor annuity payable to the person designated. The person designated must have an insurable interest in the retiring employee. To have an insurable interest, the person must reasonably expect to derive financial benefit from the continued life of the retiring employee.

584.272 **Eligibility**

A retiring employee who is in good health and who is applying for a nondisability retirement may elect an insurable interest annuity. The retiring employee must submit proof of good health in a form prescribed by OPM.

584.273 **Insurable Interest — Presumed**

An insurable interest is presumed to exist with:

a. The current spouse;

b. A blood or adopted relative closer than first cousins;

c. A former spouse;

d. A person to whom the employee is engaged to be married;

e. A person with whom the employee is living in a relationship that would constitute a common-law marriage in jurisdictions recognizing common-law marriage.

584.274 **Insurable Interest — Other**

When an insurable interest is not presumed, the employee must submit affidavits from one or more persons with personal knowledge of the named beneficiary's having an insurable interest in the employee.

584.275 **Reduced Rate**

A retiring employee's annuity is reduced by 10 percent plus an additional 5 percent for each 5 years the person designated is younger than the retiring employee. The maximum reduction is 40 percent except when the retiring employee has a reduced annuity for a former spouse and an insurable interest for the current spouse. In this case the combined reduction may exceed the maximum 40 percent.

584.276 **Amount**

The amount of the annuity payable is 55 percent of the retiree's annuity after the insurable interest reduction.

584.28 Current Spouse's Consent

Married employees who elect less than a full survivor annuity for their current spouse must obtain their current spouse's consent on SF 3107-2, *Spouse's Consent to Survivor Election.* The current spouse's consent is required even if a former spouse will be awarded a survivor annuity by a court order. A waiver of the spousal consent requirement may be granted by OPM under certain conditions (e.g., whereabouts of the current spouse cannot be determined or there are exceptional circumstances regarding the current spouse which warrant such a waiver).

584.29 Surviving Child

Regardless of the type of annuity elected at retirement, a surviving child of the deceased retiree who (a) is under the age of 18 and is single and dependent on the retiree, (b) is over age 18 and is incapable of self-support because of a mental or physical disability incurred before age 18, or (c) is a full-time student under the age of 22 is entitled by law to a survivor annuity.

584.3 Election of Annuity

Reference Note:
For additional material concerning the subject matter found in 584.3, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 52.

584.31 Application

The type of annuity desired by the retiring employee is indicated on the application for retirement (SF 3701) at the time of retirement.

584.32 Election Coverage After Retirement

584.321 Eighteen-Month Reelection Period

Retirees who are married at retirement have 18 months from the time of retirement to change their decision not to provide a survivor annuity or to elect a higher survivor annuity. In either case, a deposit will be required for such an election. The deposit consists of the sum of the monthly differences between the annuity paid to the retiree and the annuity that would have been in effect since the time of retirement, plus a fee of 24.5 percent of the retiree's annual annuity if changing from no survivor annuity to full survivor annuity; or 12.25 percent if changing from either partial to full or none to partial survivor annuity.

584.322 Marriage Terminated

If an employee who is married at the time of retirement elects a survivor benefit for the current spouse and the marriage is terminated before the retiree dies, the reduction in annuity is eliminated unless the retiree elects to continue it or a qualifying court order requires the retiree to provide a former spouse annuity.

584.323 Marriage Terminated and Remarriage

A retiree who was married at the time of retirement may elect, within 2 years after a postretirement marriage, a reduced annuity to provide a current spouse annuity. A retiree making an election under this section must deposit an amount equal to the difference between the amount of the annuity actually paid to the retiree and the amount of annuity that would have been paid if the reduction elected had been in effect continuously since the time of retirement, plus 6 percent annual interest.

584.324 Marriage After Retirement

The following provisions apply:

a. *Change From Unreduced Annuity.* A retiree who was unmarried at the time of retirement may elect, within 2 years after a post retirement marriage, a reduced annuity to provide a current spouse annuity. A retiree who makes such an election must deposit an amount equal to the difference between the amount of the annuity actually paid to the retiree and the amount of annuity that would have been paid if a survivor benefit had been in effect continuously since the time of retirement plus 6 percent annual interest.

b. *Change From Person Having Insurable Interest.* An election of a reduced annuity with survivor benefits to a designated person having

an insurable interest may be changed to a reduced annuity with survivor benefits to the current spouse if the employee marries that person after retirement. This election must be made within 2 years of the post retirement marriage and may be made without deposit.

585 Employee's Retirement Account

585.1 Deduction From Current Earnings

Reference Note:
For additional material concerning the subject matter found in 585.1 through 585.2, refer to:
- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 30.

Each pay period a percentage of basic salary is deducted and withheld as the employee's contribution to the retirement fund.

585.2 Percentages Withheld

The percentage of basic pay withheld changes based on the year.

Year	Percentage
Prior to January 1, 1988	1.3
January 1, 1988 to December 31, 1989	0.94
January 1, 1990 and later	0.80

585.3 Service Credit Deposit

Reference Note:
For additional material concerning the subject matter found in 585.3 through 585.4, refer to:
- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 21.

585.31 General

Employees credited with civilian service prior to 1989 for which no retirement deductions were withheld may make a deposit for that service.

585.32 Amount of Deposit

The amount of deposit for a period of service prior to 1989 during which no retirement deductions were withheld is 1.3 percent of the basic pay for the service plus interest. The 1.3 percent rate applies regardless of when the service was performed or whether deductions would have been taken at 1.3 percent if they had been taken at the time the service was performed.

585.33 Reductions for Periods of No Deposit

An employee is not required to make a deposit for a period of nondeduction time prior to 1989. If no deposit is made, no credit will be given toward either eligibility to retire or the calculation of the annuity.

585.34 Survivor Deposits

If an employee was at the time of death eligible to make a deposit, the employee's survivor may make the deposit. A deposit cannot be made after adjudication of the survivor's application for benefits becomes final.

585.35 Deposit Applications

Deposits require SF 3108, *Application To Make Service Credit Payment For Civilian Service*. SF 3108 must be routed through the Eagan ASC for proper certification and/or listing of service history and for transmittal to OPM. OPM computes the amount due and furnishes the employee with instructions on how to make payment.

585.4 Redeposits

Employees who withdraw retirement contributions subject to FERS may never redeposit them, and the time represented is no longer creditable for any purpose. This involves not only deductions made while subject to FERS, but also any deposits made for nondeductions service prior to 1989.

An employee who transfers to FERS with eligibility for a CSRS annuity component (at least 5 years of creditable civilian CSRS service, not counting any service with CSRS Offset coverage) may make a redeposit for refunded CSRS service that is included in the CSRS component. Refunds of CSRS contributions for service performed before the establishment of FERS may also be redeposited under FERS rules.

585.5 Refund of Deductions

Reference Note:
For additional material concerning the subject matter found in 585.5, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 32.

585.51 Eligibility

To be eligible for a refund, the employee must be separated or transferred to a position not covered by FERS for at least 31 days and must not be eligible for an annuity. SF 3106, *Application for Refund of Retirement Deductions,* is required. In order to receive refunds, employees generally must notify their spouse and any former spouse(s) that they plan to file applications. Employees may be barred from receiving refunds if the refund would end the court-ordered right of any spouse or former spouse to future benefits based on employees' service.

585.52 Interest

Interest is paid on the refund at a variable rate provided the period of service which the refund covers totals more than 1 year. No interest is paid if the refund period is for 1 year or less.

585.53 Repayment

No repayment is permitted of a FERS refund. Payment of a refund results in permanent forfeiture of any FERS retirement rights based on the service represented.

586 Annuity Computation

586.1 Effective Date

Reference Note:
For additional material concerning the subject matter found in 586.1 through 586.32, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapters 42, 50 and 55.

586.11 Commencement

Annuities based on optional retirement commence on the first day of the month following separation. Annuities based on discontinued service retirement commence on the day after separation from the service. Annuities based on disability commence on the day after the employee separates or the day after pay ceases and the employee meets the requirements for entitlement to an annuity.

586.12 Ending

Annuity payments end on the day of the retiree's death or on the date the retiree becomes ineligible for a continuing annuity. Survivor annuities are paid through the last day of the month before death or any other terminating event, such as a survivor's remarriage.

586.13 Employee's Work and Leave Status

586.131 Use of Annual Leave Balance

Bargaining unit employees with leave balances subject to forfeiture must be counseled to use the excess annual leave prior to the effective date of their retirement.

586.132 Continuing Leave Status

Employees who have applied for disability retirement and who are unable to work while their applications are under review by OPM continue on the rolls in a leave status (either with or without pay) pending notification by OPM of its decision on the application.

586.2 Factors Affecting Annuity Computations

586.21 Primary Factors

Primary factors are:

a. Length of Creditable Service.

b. High-3 Average Pay.

586.22 Other Factors

Other factors are:

a. Retirement at MRA with less than 30 years service.

b. Failure to make a pre-1989 deposit.

c. Withdrawal of contributions for a prior period of service.

d. Election of Survivor Annuity or Insurable Interest Annuity.

e. Election of Alternative Annuity.

586.23 Determining Length of Service

For annuity computation purposes, length of service is determined by adding together all periods of the employee's creditable civilian service where deductions were not refunded and all creditable military service where a deposit was completed for post-1956 service as well as pre-1957 service where no deposit is required. After obtaining total service the fractional part of a month is dropped because the annuity is computed on the basis of years and months.

586.24 Determining High-Three-Year Period

586.241 Dates Included

The 3-year period starts and ends on the dates producing the highest average pay. The period need not start on the first day of any month or on the date of a pay change.

586.242 Consecutive

The 3-year period need not be continuous but must be consecutive.

Example: Two or more separate periods of employment may be joined provided there is not an intervening period of service to be considered.

586.25 Determining High-Three Average Pay Computation

586.251 Computation

The high-3 average pay is determined by averaging the rates of an employee's basic pay over a period of 3 consecutive years of creditable service, with each rate weighed by the period of time during which it was in effect.

586.252 Basic Pay

Basic pay for retirement purposes includes higher level pay but does not include cost-of-living adjustments (COLA, TCOLA), overtime pay, night differential, military pay, allowances, premium pay, or lump-sum terminal leave benefits.

586.3 Formula

586.31 Basic

The annuity of an employee is 1 percent of the high-3 average pay multiplied by total creditable service.

586.32 At Age Sixty-Two

If a retiring employee is at least age 62 and has at least 20 years of creditable service, the annuity is 1.1 percent of the high-3 average pay multiplied by total creditable service.

586.33 Annuity Supplement

Reference Note:
For additional material concerning the subject matter found in 586.33, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 51.

586.331 **Eligibility**

An employee who retires optionally at the MRA with at least 30 years of service, or who retires at age 60 with at least 20 years of service, is eligible for the annuity supplement. Law enforcement personnel who retire under the law enforcement provisions receive the annuity supplement beginning at retirement. Employees who retire under the discontinued annuity provisions will receive the annuity supplement beginning no sooner than the month in which they reach the MRA. The annuity supplement ends the last day of the month in which the employee becomes 62.

586.332 **Amount**

The supplement is computed by estimating the amount of a full Social Security benefit and multiplying it by a fraction comprised of the number of years of FERS creditable civilian service divided by 40. This benefit is then actuarially reduced by a percentage based on the retiree's year of birth.

586.333 **Reduction Based on Excess Earnings**

The supplement may be reduced depending on the amount earned after retirement. Any earnings above the amount set by the Social Security Administration each year will reduce the supplement by $1 for every $2 earned. This reduction does not apply to an individual who retires under the law enforcement provisions until he reaches the MRA.

586.4 Transferees to FERS

Reference Note:
For additional material concerning the subject matter found in 586.4, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 11.

Individuals who retire with frozen CSRS service as well as FERS service will have their annuity calculated under both retirement systems. The frozen CSRS service will be calculated using CSRS rules (see 566.3). The FERS portion will be computed using the FERS rules. Only a career high-3 average salary will be used for both calculations. The beginning and ending date of the total annuity are based on FERS rules. The FERS reduction for a survivor annuity will be applied to the total annuity, and the amount of the survivor annuity is determined by FERS rules. The annuity supplement is applicable only to the time actually served under FERS.

586.5 Disability Retirement

Reference Note:
For additional material concerning the subject matter found in 586.5, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 61.

586.51 Initial Computation — Under Age Sixty-Two

586.511 First Year of Disability

During the first year of disability the retiree will receive an amount equal to 60 percent of the high-3 average salary minus 100 percent of the Social Security benefit received.

586.512 Second and Succeeding Years

In the second and following years the amount of the disability annuity is 40 percent of the high-3 average salary minus 60 percent of the Social Security benefit received.

586.513 Exceptions

The above percentages do not apply to any individual who is eligible for optional retirement. In those cases the amount will be the same as an optional retirement.

586.52 Computation — Age Sixty-Two and Over

Employees who are age 62 or older at the time they are approved for disability retirement will have the annuity computed as though it were an optional retirement.

Example: John Doe age 63 is approved for disability retirement. He has four years of service. He receives 4 percent of his high-3 average salary.

586.53 Recomputation — Age Sixty-Two

All disability retirees will have their annuity recomputed at age 62. The annuity will be recomputed as though it were an optional retirement on the day prior to the retiree becoming age 62. The creditable service used will consist of the retiree's total service prior to the disability retirement plus the years between retirement and age 62. The high-3 will be the high-3 average salary at retirement increased by all intervening FERS COLAs.

586.6 Reemployed Annuitants — Additional Annuity

Reference Note:
For additional material concerning the subject matter found in 586.6, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapters 100 and 102.

586.61 Salary Payable

When a FERS retiree is reemployed in the federal government, the salary for the position is reduced by the annuity the retiree is receiving.

586.62 Eligibility

Retirees whose annuity continues upon reemployment are eligible for an additional annuity if they work the equivalent of 1 full year. If retirees work the equivalent of 5 full years, they may elect either the additional annuity or a recomputation of their total annuity.

586.63 Reemployed Less Than One Year

When retirees are reemployed for less than the equivalent of 1 full year, the retirement deductions withheld during their reemployment are, upon proper application, refunded to them.

586.64 Reemployed One Year or More

When retirees are reemployed for at least 1 full year or its equivalent they receive, upon separation from reemployment, an additional annuity based on the period of reemployment. The additional annuity is based on the same formula as a regular annuity but uses the average basic salary while reemployed rather than a high-3 average salary. If the retiree had a survivor annuity with his previous annuity, the additional annuity will be reduced to provide an additional survivor annuity.

586.65 Reemployed Five Years or More

When retirees are reemployed for at least 5 full years, or its equivalent, they may elect either an additional annuity or a redetermination of their annuity. The redetermination will include all prior creditable service plus the creditable service for the current reemployment.

586.7 Alternative Form of Annuity

Reference Note:
For additional material concerning the subject matter found in 586.7, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 53.

586.71 Eligibility

Employees diagnosed with a life-threatening medical condition who are eligible to retire under an optional retirement may choose the Alternative Form of Annuity (AFA). This option allows a refund of all employee contributions made to the FERS retirement fund in addition to an actuarially reduced monthly benefit. This option is not available to those employees filing for disability retirement. Also, even if the conditions for this alternative annuity (as outlined above) are met, if a court order has been established to provide annuity benefits for a former spouse, this election is not allowed. Married employees must have the current spouse's consent to elect an AFA.

586.72 Computation

To compute the AFA, the normal monthly annuity is first calculated. That monthly rate is then reduced by an amount equal to the retiree's lump-sum credit divided by the applicable present value factor for the retiree's attained age (in full years) at the time of retirement. A table of present value factors is published periodically.

586.73 Survivor Annuity

Election of an AFA has no impact on a survivor annuity. The survivor annuity is determined based on the retiring employee's unreduced annuity.

Note: The lump sum payable to nondisability retirees whose annuities commence after January 3, 1988, and before October 1, 1989, will be

broken into two portions. The first is payable at retirement and represents 60 percent. The remaining 40 percent, with interest, is paid 1 year after retirement. If no congressional action is taken, the lump sum returns to 100 percent on October 1, 1989.

586.8 Cost-of-Living Adjustments (COLA)

Reference Note:
For additional material concerning the subject matter found in 586.8, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 2.

586.81 Amount

The amount of the COLA is determined based on the growth in the Consumer Price Index (CPI). The COLA is generally 1 percent less than the increase in the CPI.

CPI Change	COLA
0%–2%	Same as CPI
2%–3%	2%
Over 3%	CPI Minus 1%

If a retiree's first increase falls within the first year after she or he begins to receive benefits, the increase will be prorated to cover the portion of the year in which benefits were paid.

586.82 Eligibility

586.821 Optional Retirement

Those retiring optionally (see 583.1) are eligible for COLA at age 62.

586.822 Involuntary Separation

Those retiring on a discontinued annuity (see 583.21) are eligible for COLA at age 62.

586.823 Disability

Those retiring on a disability (see 583.23) are eligible for COLA in the second year after the disability annuity begins.

586.824 Law Enforcement

Those retiring under the law enforcement provisions (see 583.22) are eligible for COLA at retirement.

586.825 Transfers to FERS

Those retiring with a combined frozen CSRS annuity and a FERS annuity are eligible for the CSRS COLA on the CSRS portion of the annuity from retirement, and the FERS COLA on the FERS portion of the annuity at age 62.

587 Death Benefits — Death in Service

Reference Note:
For additional material concerning the subject matter found in 587, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapters 70, 72, 73, 74, and 75.

587.1 Basic Employee Death Benefit

587.11 General

A basic employee death benefit is payable to the current spouse if the following conditions are met:

a. The employee dies after completing 18 months of creditable civilian service; and

b. The marriage has lasted at least 9 months; or

c. A child was born of the marriage; or

d. The death was accidental.

587.12 Amount

The basic employee death benefit consists of

a. 50 percent of the final annual rate of basic pay, and

b. $21,335.30 in 1998 and as adjusted under title 5, United States Code, 8462.

587.13 Payment

A spouse may elect to receive the basic employee death benefit as either

a. A one-time payment, or

b. Thirty-six equal monthly installments.

587.2 Survivor Benefit — Spousal

587.21 General

When an employee dies after completing at least 10 years of creditable service, the spouse is entitled to an annuity equal to 50 percent of the annuity the employee had earned through the day of death. This is in addition to the basic employee death benefit. (see 587.1)

587.22 Beginning and Ending Date

587.221 Beginning

An annuity begins on the day after the death of the employee on whose service the annuity is based.

587.222 Ending

An annuity ends on the last day of the month before the spouse remarries before age 55 or dies.

587.223 Reinstatement

If a current spouse annuity is terminated because of a remarriage, the annuity can be reinstated on the day of the termination of the remarriage. A former spouse annuity may never be reinstated.

587.3 Refund of Contributions

587.31 Eligibility

If there is no survivor entitled to monthly survivor annuity benefits, the employee's contribution to the retirement fund are paid in accordance with the normal order of precedence.

587.32 Normal Order of Precedence

a. First, to the beneficiary or beneficiaries designated by the employee on SF 3102, *Designation of Beneficiary;*

b. Second, to the widow or widower;

c. Third, to the child or children of the employee;

d. Fourth, to the parents of the employee or the surviving parent;

e. Fifth, to the duly appointed executor or administrator of the estate;

f. Sixth, to such other next of kin of the employee as OPM determines to be entitled under the laws of the domicile of the employee at the date of death.

587.4 Former Spouse(s)

Any benefit (or a portion of any benefit) payable to a current spouse is payable to a former spouse instead if the former spouse is entitled to the benefit under the terms of a qualifying court order.

587.5 Child Annuities

587.51 Eligibility

A surviving child of an employee who dies after completing 18 months of creditable civilian service is entitled to an annuity.

587.52 Rates of Annuities

The amount of the annuity payable is the difference between the amount that would be paid by CSRS (see 567.143) and the amount actually paid by Social Security. In cases where the Social Security amount exceeds the amount otherwise payable under CSRS regulations, no payments are made from the retirement fund.

587.53 Beginning and Ending Dates

587.531 Beginning Date

The annuity begins on the day after the employee dies.

587.532 Ending Date

An annuity ends on the last day of the month before the child:

a. Becomes 18 years old unless she or he is a full-time student or incapable of self-support;

b. Becomes capable of self-support after becoming 18 years old unless a full-time student;

c. Becomes 22 years of age if he or she is a full-time student and capable of self-support;

d. Ceases to be a full-time student after becoming 18 years of age;

e. Marries or dies.

587.54 Disabilities

A child is eligible for a continued annuity if the Social Security Administration finds that the child is incapable of self-support.

587.6 Procedures Upon Death of an Employee

587.61 Contacting Next of Kin

When an employee dies, the employing office (a) contacts the next of kin and advises such person of benefits payable and of the right to apply for them and (b) renders every assistance in completing SF 3104, *Application for Death Benefits.* The family should also be referred to the Social Security Administration and assistance should be provided concerning the Thrift Savings Plan (see 597.62g).

587.62 Filing Death Claim Applications

SF 3104 is filed with the Eagan ASC through the employing office or sent directly to the:

RETIREMENT OPERATIONS CENTER
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 200
BOYERS PA 16020-0200

588 Management-Initiated Disability Retirement Procedures

Reference Note:
For additional material concerning the subject matter found in 588, refer to:

- *CSRS and FERS Handbook for Personnel and Payroll Offices*, Chapter 60.

588.1 General

There are certain limited situations under which an employing office may initiate a disability retirement application on behalf of an employee. OPM will not accept an application filed by an employing office unless the conditions in 588.21 are met. OPM will not act on the application until it receives the appropriate documentation of the separation action.

588.2 Procedures

588.21 Basis for Filing

An employing office may file an application for disability retirement for an employee who has at least 18 months of creditable civilian service when all of the following conditions are met:

a. The employing office has issued a decision to remove the employee;

b. The employing office concludes, after its review of medical documentation, that the cause for unacceptable performance, attendance, or conduct is disease or injury;

c. The employee is institutionalized or, based on a review of medical and other information, the employing office concludes that the employee is

incapable of making a decision to file an application for disability retirement;

d. The employee has no personal representative or guardian;

e. The employee has no immediate family member who is willing to file an application on her or her behalf.

588.22 Notice to Employee

The employing office must inform the employee, in writing, that: (a) a disability retirement application has been submitted to OPM on the employee's behalf; and (b) the employee may review any medical information and obtain copies of any records at no expense; and (c) the action does not affect the employee's right to submit a voluntary application for disability retirement or any other retirement benefit to which he or she is entitled under FERS.

588.23 Notice to OPM

When submitting an application for disability retirement to OPM under these procedures, the employing office must provide OPM with copies of the decision to remove the employee, the medical documentation, and any other documents required to show that the cause for removal is due to a medical condition. Following separation, OPM must be provided with a copy of the documentation of the separation.

588.3 Processing by OPM

588.31 Required Documentation

OPM will not act on an application for disability retirement initiated by management until it receives the appropriate documentation of the separation. OPM will notify the former employee when it has received the completed application. OPM will also provide the former employee with an opportunity to submit additional medical documentation.

588.32 Decision

OPM will issue its decision, in writing, to the former employee and to the former employing office through the Retirement Branch, Eagan ASC. The decision will include a statement of findings and conclusions and an explanation of the right to request a reconsideration of OPM's decision.

588.4 Cancellation of Retirement

OPM will cancel a disability retirement when a final decision of an administrative authority or court reverses the removal action and orders the reinstatement of the employee.

588.5 Employee's Status Pending OPM's Decision

The employee will remain on Postal Service rolls pending the final disposition of an adverse action through the appropriate appeal procedures. The employee will not be retained on the rolls pending OPM's decision on the disability application once all appeal procedures have been exhausted regarding the adverse action.

589 General Retirement Information

Reference Note:
For additional material concerning the subject matter found in 589, refer to:
- *CSRS and FERS Handbook for Personnel and Payroll Offices,* Chapter 40.

589.1 Retirement Counseling

589.11 Responsibility

The Postal Service ensures that retirement information and counseling are made available to Postal Service employees.

589.12 Retirement Annuity Estimates

Retirement annuity estimates are provided to all employees through the use of the National Retirement Counseling System (NARECS) as follows:

a. Upon request within 3 years of an employee's first optional retirement eligibility date, based on payroll and personnel system-generated retirement computation date.

b. Automatically twice each year once age and service eligibility criteria for optional retirement have been met.

589.13 Group Retirement Information Programs

589.131 Nature of Group Programs

The Postal Service ensures that at least one FERS retirement information program is held each fiscal year. Sessions are to be open to all employees, regardless of age, years of service, and first date of optional retirement eligibility, and spouses and other interested parties may also attend. These programs are provided using a combination of media and facilitation, with dates, times, and other particulars of the sessions determined by local service personnel. Participation is voluntary and off the clock. Group information programs are supplementary to, not a substitute for, individual counseling as described in 589.14.

589.132 Group Program Content

During the retirement information programs, information on all subjects that may factor in retirement is presented to allow employees to plan constructively for their retirement years.

589.14 Individual Retirement Counseling

589.141 Nature of Individual Counseling

As part of the retirement process, employees may request individual retirement counseling from the Human Resources Shared Services Center (HRSSC). Counseling is provided by a retirement specialist at the HRSSC who can provide detailed information on retirement health benefits, life insurance, and other retirement-related benefits programs. These counseling sessions are conducted via telephone primarily, and they may involve use of a computer and/or electronic media, as appropriate. The retirement specialist may also direct the employee to other sources to obtain information specific to certain topics, including TSP and Social Security. The

sessions are on the clock if the retirement specialist is available to provide such counseling during the same tour as the employee.

589.142 **Counseling Session Content**

Before scheduling the counseling session, the retirement specialist orders an annuity estimate, based on the retirement effective date and type of retirement (optional, disability, etc.) requested by the employee, to be mailed to the employee's address of record.

During the counseling session, the retirement specialist:

a. Reviews the employee's retirement application and verifies that all the appropriate documents are signed and dated.

b. Reviews the employee's annuity estimate and answers any questions raised by the employee.

c. Clarifies the employee's work and leave status up to the date of retirement.

d. Identifies the need for additional documents, proofs, affidavits, etc., if necessary.

e. Verifies the civilian and military service history and the advantages, if any, of deposits or redeposits.

f. Addresses other retirement-related benefits and payments, including but not limited to, Alternative Fund Annuity (AFA), health benefits, life insurance, terminal leave, Thrift Savings Accounts, and flexible benefits.

589.143 **Advice to Employee**

In providing advice to employees, the retirement counselor reminds the employee that:

a. Although information is provided on various provisions and options under the retirement law, final choices (except in the case of management-initiated disability retirement) are the decision of the employee.

b. Any estimate of annuity is preliminary and subject to final determination by OPM.

589.2 Retirement Forms

589.21 Processing

Handbook EL-301, *Guidelines for Processing Personnel Actions,* contains information on processing retirement forms in connection with personnel actions.

589.22 Requisitioning Forms

Installations are expected to maintain a supply of retirement forms sufficient to meet anticipated needs. Such forms are requisitioned from the materiel distribution centers under regular requisitioning procedures.

589.3 Information Source for Separated or Retired Employees

Questions relating to the amount of annuity to which a separated or retired employee is entitled, or to specific benefits of survivors of employees or of annuitants, are referred to the:

RETIREMENT SERVICE CENTER
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 200
BOYERS PA 16020-0200

589.4 Information Source for Employees

Questions relating to administration or questions requiring interpretation of the Federal Employees Retirement System law or regulations, are referred, through channels, to the:

MGR COMPENSATION
EMPLOYEE RESOURCE MANAGEMENT
US POSTAL SERVICE
475 L'ENFANT PLZ SW
WASHINGTON DC 20260-4213

589.5 Federal Income Tax

589.51 Taxable Annuities

Annuities under FERS are subject to the general rule under the Internal Revenue Code. This rule provides that each monthly annuity payment is made up of two parts: (a) the tax-free part (which represents a return of employee contributions) and (b) the taxable balance. The tax-free part, once calculated, is a specific dollar amount which remains in effect until a retiree has recovered all of the contributions made to the retirement fund. At that time the entire monthly annuity becomes taxable.

589.52 Federal Income Tax Withholding

Annuities are subject to federal tax withholding unless a retiree elects not to have tax withheld. Retirees who elect not to have tax withheld, may have to make estimated tax payments. Generally, the tax withheld or estimated tax, or the total of both, must cover at least 90 percent of the retiree's total tax for the year or 100 percent of the tax shown on the retiree's return for the previous year, whichever is less. Retirees may elect the amount they wish to have withheld on Form W-4P, which is available from OPM or the IRS.

589.53 Federal Income Tax Questions

Questions relative to any aspect of federal income tax must be directed to the Internal Revenue Service.

589.6 Privacy Act Considerations

589.61 General

Retirement records contain information about individuals. As such, they may be handled and disclosed only in accordance with the Privacy Act and implementing instructions. (See *Administrative Support Manual* 353.)

589.62 OPM Records

Those records which are sent to OPM become OPM's records. Retired employees making requests under the Privacy Act for such records should, therefore, direct their requests to the:

RETIREMENT SERVICE CENTER
OFFICE OF PERSONNEL MANAGEMENT
PO BOX 200
BOYERS PA 16020-0200

589.63 Postal Service Records

Copies of an individual's retirement records and related correspondence may be maintained within the Postal Service in one of two ways: either in the personnel area as part of the privacy system entitled USPS 120.070, *Personnel Records — General Personnel Folders (Official Personnel Folders and Records Related Thereto)*, or in the Eagan ASC as part of the privacy system entitled "USPS 050.020, Finance Records — Payroll Systems." Employees making requests specifically for access to or update of these records direct their requests to the nearest Postal Service personnel office for processing.

590 Thrift Savings Plan

591 Overview

591.1 Description

591.11 Administration

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for federal employees. It was authorized by Congress in the Federal Employees' Retirement System Act of 1986. The plan is administered by an independent government agency, the Federal Retirement Thrift Investment Board, whose sole purpose is to operate the plan for the benefit of the participants. Policies and regulations of the board are controlling in the event of conflict with the information contained in this subchapter.

591.12 Further Information

TSP has established a TSP Web Site at *http://www.tsp.gov* to provide employees with general information, forms, and publications. Two telephone response systems are available for general information as well as personal account information. The TSP ThriftLine at (504) 255-8777 is an automated voice response system, and the Text Telephone at (504) 255-5113 is designed for hearing impaired employees. The TSPBK08, *Summary of the Thrift Savings Plan for Federal Employees,* and other TSP materials are available at local personnel services offices and on the Web site.

591.2 Open Season

Open season is the period during which employees may make an election with respect to the TSP.

a. There are two open seasons each year.

b. Each open season lasts for 2 and 1/2 months with the election period being the last month of the open season.

c. Open seasons are from May 15 through July 31 and from November 15 through January 31.

591.3 Eligibility to Contribute

591.31 General

All career employees are permitted to contribute to the TSP. The earliest date career employees may begin contributing is determined by their date of employment.

591.32 New Career Employees

A career employee is eligible to make an election to begin contributing to TSP beginning with the second open season after the career appointment. An employee who is hired during an open season, but before the election period, has the current open season counted as one of the required two. For example:

a. Career employees hired from January 1 through June 30 are first eligible to make an election during the open season from the following November 15 through January 31.

b. Career employees hired from July 1 through December 31 are first eligible to make an election during the open season from the following May 15 through July 31.

591.33 Rehired Employees

A career employee who is reemployed and who was eligible to contribute to the TSP during a previous appointment may make an election during the first open season after being reemployed. An employee rehired to a career position who was not eligible to contribute during a previous appointment is treated as a new employee. For example:

a. Previously eligible employees rehired as career employees from January 1 through June 30 may make an election that July.

b. Previously eligible career employees rehired as career employees from July 1 through December 31 may make an election that January.

591.34 Reemployed Annuitants

591.341 Eligibility

Reemployed annuitants are eligible to participate in TSP as follows:

a. CSRS reemployed annuitants may participate regardless of the retirement code in the reemployed position (Code 1, 5, 4 or 2), unless reemployed under Public Law 101-509 (Federal Employees Pay Comparability Act of 1990).

b. FERS reemployed annuitants may participate only if reemployed under FERS. Appointments to intermittent positions or under Public Law 101-509 are not covered by FERS.

c. A reemployed annuitant's first eligible date to participate is determined by whether the reemployment follows a TSP break in service

(separation from federal service of 31 or more full calendar days), as follows:

(1) If no break in service of 31 days or more has occurred, the TSP-1 election on file is immediately effective, with contributions and loan payments, if any, resuming upon reemployment. For FERS annuitants, the automatic 1 percent contribution and matching contributions, if any, resume.

(2) If a break in service of 31 days or more has occurred and the reemployed annuitant was ever previously *eligible to participate* in TSP, the reemployed annuitant is eligible to make an election during the first open season following the appointment. If not previously eligible, the reemployed annuitant must wait until the second open season following the appointment to make an election.

(3) A reemployed annuitant who elects to transfer to FERS is eligible to participate in TSP immediately, regardless of whether a break in service has occurred.

591.342 **Contributions**

Contributions made by a reemployed annuitant are based on the basic salary for the position prior to the required reduction for the annuity she or he is receiving.

591.35 Transfers From Another Agency

CSRS and FERS employees who transfer from other federal agencies must have their TSP loan payment, automatic (1 percent) contributions, and employee and matching contributions (if any) continue without interruption. Personnel services offices must submit TSP-19, *Transfer of Information Between Agencies,* to the Eagan Accounting Service Center (ASC).

591.36 Dual Appointments

Federal or Postal Service employees serving in an appointment covered by CSRS or FERS who receive another federal appointment, career or noncareer, are eligible to participate in TSP under each appointment. Pursuant to Office of Personnel Management (OPM) regulations, an employee covered by a retirement system under any one appointment must be covered by the same retirement system under all other appointments. Personnel service offices must submit TSP-19 to the Eagan ASC to advise of current enrollment elections. Participation rules for dual appointments include the following:

a. Employees covered by FERS receive the automatic (1 percent) contribution under both appointments.

b. An employee's TSP-1 on file under the first appointment determines TSP contributions and fund allocations for a subsequent appointment until the next TSP election period. The employee is not permitted to make a new election outside an open season as a result of the subsequent appointment. If the employee's contribution election is expressed as a percentage of pay, each agency deducts this percentage. If the employee's contribution election is expressed as a

dollar amount, only the first appointing agency deducts this amount from the employee's pay.

c. Beginning with the first open season following the second appointment, agencies treat the employee separately for purposes of TSP elections.

591.4 Permitted Actions

591.41 Open Season

During an open season an eligible employee may submit an election to:

a. Begin contributions.

b. Change the dollar amount or percentage of current contributions.

c. Reallocate current contributions to different investment funds.

d. Terminate contributions.

591.42 Interfund Transfers

An interfund transfer is the movement of money already in the employee's account among the investment funds. This movement does not affect contributions from future payroll deductions. Employees are allowed one interfund transfer per month, using the TSP ThriftLine or submitting TSP-30, *Interfund Transfer Request,* to the TSP Service Office.

591.5 Elections

591.51 Form Required

To submit an election an eligible employee must complete Form TSP-1, *Thrift Savings Plan Election Form,* and submit it to the personnel office.

591.52 Number Permitted

Except for an election to terminate contributions, an employee may make only one election during an open season.

591.53 Effective Dates

TSP-1 open season election forms submitted to personnel services offices become effective as follows:

a. Forms received May 15 through June 30 become effective in the first full pay period in July. Forms received in the month of July become effective the earliest possible pay period, subject to Distributed Data Entry and Distributed Reporting (DDE/DR) processing guidelines.

b. Forms received November 15 through December 31 become effective in the first full pay period in January. Forms received in the month of January become effective the earliest possible pay period, subject to DDE/DR processing guidelines.

c. Forms to terminate elections are effective the first full pay period beginning after receipt.

591.54 Election Period

The election period is the last calendar month of an open season and is the earliest period during which an open season election, other than a termination, can become effective.

591.55 Belated Elections

If it is determined that an employee was unable for reasons beyond the employee's control to make an election within the time limits, a belated election may be accepted within 30 calendar days after such determination. The belated election is effective the first pay period after the personnel office accepts the election form.

591.6 CSRS Transfers to FERS

CSRS or CSRS Offset employees who transfer to FERS are permitted 30 days from the effective date of the transfer to submit a TSP election. The election becomes effective the pay period following receipt of the TSP-1.

591.7 Booklets

The booklet TSPBK08, *Summary of the Thrift Savings Plan for Federal Employees,* contains additional information and is available to employees at personnel services offices and on the Web site.

592 Contributions

592.1 Basic Pay

All contributions to the TSP are based on basic pay. Basic pay includes higher level pay but does not include cost-of-living adjustments (COLA, TCOLA), overtime pay, night differential, military pay, allowances, premium pay, or lump-sum terminal leave payments.

592.2 Contribution Rates

Contributions must be made in whole percentages or whole dollar amounts.

592.3 Maximum Contribution Rates

592.31 FERS Employees

A FERS employee may contribute a percentage of basic pay up to a maximum of 10 percent or a whole dollar amount which does not exceed 10 percent of basic pay. Contributions are withheld each pay period.

592.32 CSRS Employees

CSRS and CSRS offset employees may contribute a percentage of basic pay up to a maximum of 5 percent or a whole dollar amount which does not exceed 5 percent of basic pay. Contributions are withheld each pay period.

592.4 Automatic Contributions

592.41 FERS Employees

The Postal Service automatically contributes an amount equal to 1 percent of the employee's basic salary every pay period. This agency automatic (1 percent) contribution starts the first pay period in the first election period that the employee is eligible to contribute and is made even if the employee chooses not to contribute. The employee's salary is not affected by this automatic contribution.

592.42 CSRS Employees

There is no agency automatic (1 percent) contribution for CSRS employees.

592.5 Matching Contributions

592.51 FERS Employees

The Postal Service matches employee contributions on a dollar for dollar basis through the first 3 percent of basic pay the employee contributes. The next 2 percent of basic pay the employee contributes is matched at the rate of $0.50 for every $1.00 (see chart below).

Employee Contributions	USPS Automatic and Matching Contribution	Total Contributions
0%	1%	1%
1%	2%	3%
2%	3%	5%
3%	4%	7%
4%	4.5%	8.5%
5%	5%	10%
Over 5% through 10%	5%	5% Plus Employee Contribution

592.52 CSRS Employees

There are no agency matching contributions for CSRS employees.

592.6 Vesting of Contributions

592.61 CSRS Employees

Employees are immediately vested in their own contributions and all earnings attributable to these contributions.

592.62 FERS Employees

Employees are immediately vested in their own contributions, the matching contributions and the earnings attributable to these contributions. Employees are vested in the agency automatic (1 percent) contribution and earnings associated with this contribution after attaining 3 years of creditable civilian service as determined by their TSP Service Computation Date. Employees who die in service are considered automatically vested in the agency automatic (1 percent) contributions. Employees on the rolls between 1/1/84 and 12/31/86 who were automatically converted to FERS on 1/1/87 received a 1 percent retroactive contribution for that time frame and were immediately vested in the retroactive contribution.

592.7 Maximum Contribution Amount

No employee, regardless of salary, may contribute more than $10,000 in 1998 to the TSP. This amount is adjusted annually by the Internal Revenue Service (IRS) based on cost-of-living changes.

592.8 Taxes

592.81 Federal Income Taxes

All contributions to the TSP are made on a before-tax basis. The money contributed to the plan is not included when federal income taxes are calculated. TSP contributions are subject to Medicare and Social Security taxes.

592.82 State Income Taxes

The majority of the states that have income taxes also consider contributions to the TSP on a before-tax basis. Whether TSP contributions are tax deferred is determined by the law of the state where the employee resides.

592.9 Insufficient Earnings

592.91 Employees on LWOP

Since an employee on leave without pay (LWOP) for an entire pay period does not have any basic salary, there are no contributions to the TSP, including the agency automatic (1 percent) contribution.

Exception: Employees on approved leave without pay to serve as a full-time officer or employee of an organization composed primarily of employees are permitted to make contributions to the TSP. The allowable contributions are based on the basic pay with the Postal Service and must be withheld from pay by the organizations paying them. The organizations make the decision whether or not to make the agency automatic (1 percent) contribution and matching contributions for FERS employees.

592.92 Reduced Earnings

Each pay period, an employee's TSP contribution is determined based upon the basic pay earned for that pay period. Elected TSP contributions are adjusted as follows:

a. If an employee's elected percentage or dollar amount exceeds the net pay available in a particular pay period, no TSP deductions are made for that pay period.

b. If a *whole dollar* amount is elected and the amount exceeds 10 percent for FERS or 5 percent for CSRS of the employee's basic pay for a particular pay period, the deduction is reduced to the maximum percentage allowed.

593 Investments

593.1 Funds Available

TSP is composed of three funds: the Government Securities Investment Fund (G Fund), the Fixed Income Index Investment Fund (F Fund), and the Common Stock Index Investment Fund (C Fund):

a. *G Fund.* The G Fund consists exclusively of investments in short term nonmarketable U.S. Treasury securities specially issued to the TSP. G Fund investments earn interest at a rate that is equal, by law, to the

average of market rates of return on U.S. Treasury marketable securities that are outstanding with 4 or more years to maturity.

b. *F Fund*. The F Fund is invested primarily in the Barclays U.S. Debt Index Fund, a commingled bond index fund designed to track as closely as possible the Lehman Brothers Aggregate (LBA) index. The LBA represents U.S. Government, corporate, and mortgage-backed securities sectors of the fixed-income securities market. These securities, which include bonds, notes, and debentures, usually pay interest semiannually until maturity.

c. *C Fund.* The C Fund is invested primarily in the Barclays Equity Index Fund, a commingled stock index fund that tracks the Standard & Poor's 500 Index (S&P 500). A commingled fund is a fund in which the assets of many plans are combined and invested together.

593.2 Investment Options

593.21 Fund Allocation

Employees may allocate all or any portion of TSP contributions among the three investment funds (in 5 percent increments).

593.22 Changing Investments

Employee requests to change the allocation of *future* contributions are submitted on TSP-1 to personnel services offices during open season periods. Requests to change the allocation of any *existing* account balance are processed as described.

593.3 Participant Statements

593.31 Frequency

Every employee who has a TSP account receives a participant statement every 6 months. The statement will normally be mailed approximately 30 days prior to an election period.

593.32 Contents

The participant statement contains current information on the balance in the account and a summary of the activity in the account during the previous 6-month period. It also provides information such as the rates of return for the various funds for the statement period. Specific information includes:

a. Name.

b. Social Security number.

c. Beginning and ending balance.

d. The amount of principal and earnings in each fund by source of contributions.

e. An itemization of all transactions affecting the account during the covered period.

593.33 Distribution

Participants receive a statement directly from the Federal Retirement Thrift Investment Board. Statements are mailed to the participant's address of record with the Postal Service. Active employees may change their address

only by submitting PS Form 1216, *Employee's Current Mailing Address*, to their personnel services office.

593.34 Transactions

593.341 Types of Transactions

The statement will show the following types of transactions, whenever applicable.

a. Contributions.

b. Earnings.

c. Withdrawals.

d. Forfeitures.

e. Loan Activity.

f. Transfers Between Funds.

g. Adjustments.

593.342 Information Concerning Transactions

The following information concerning each transaction will also be shown.

a. Pay period the transaction occurred.

b. Investment fund affected.

c. Source of contributions.

d. Amount of the transaction.

594 Adjustments

594.1 Responsibility

The Postal Service is responsible for correcting any improper or erroneous TSP withholding. An adjustment may be made to an employee's TSP account only if it is covered by these procedures.

594.2 Elections Not Processed

594.21 Reason Beyond Employee Control

When an employee fails to enroll, or is delayed in enrolling or making changes to a previous election for reasons beyond the employee's control, but not because of any Postal Service action, the personnel services office may accept a belated election. The belated election is effective the first pay period after the personnel services office accepts the election form. No retroactive contributions are permitted for any pay periods prior to the effective date of the election.

594.22 Administrative Error

If an election form is turned in by an employee during an open season and for whatever reason not processed on time, the election must be processed retroactively as soon as the administrative error is discovered. The appropriate adjustment is then processed.

594.3 Overdeductions

594.31 Correction

In cases where the nonprocessing of an election form, or the incorrect processing of an election form, results in an overdeduction of contributions, the correct election must be processed via DDE/DR immediately with the same effective date as the original error.

594.32 Excess Contributions

Excess contributions are not permitted to remain in an employee's TSP account. At the time the excess contributions are returned to the employee, they will be subject to normal income taxes. Personnel services offices must notify the Eagan ASC Payroll Processing Branch of the error in writing, attaching copies of all TSP-1 elections in effect for the period in which the erroneous overdeductions occurred.

594.33 Amount of Adjustment

The employee will receive the full amount that was overdeducted even if the adjustment involves the C and/or F fund, and there has been an investment loss. If the full amount is not refunded, the employee may file a claim. (See 594.7.)

594.34 Earnings

Any earnings which may have been posted to the employee's account as a result of the excess contributions will remain in the account unless the refund of excess contributions has the effect of liquidating the account.

594.4 Underdeductions

594.41 Correction

In those instances where the nonprocessing of an election form or the incorrect processing of an election form results in an underdeduction, the correct election must be processed immediately via DDE/DR with the same effective date as the election containing the error.

594.42 PS Form 6886, Thrift Savings Plan Request for Retroactive Contributions

Subsequent to correction of the error a PS Form 6886, *Thrift Savings Plan Request for Retroactive Contributions,* must be prepared. PS Form 6886 must be prepared in all instances of underdeductions even if the employee does not wish to contribute make-up contributions.

594.43 Preparation

The personnel services office prepares a PS Form 6886 after the correction of the administrative error via DDE/DR. It must be completed with the employee's name, Social Security number, and finance number, as well as the total pay periods in which the administrative error occurred, what percentage or amount was in error and the correct percentage or amount that is now being deducted. Personnel must then calculate the estimated total amount of the underdeduction and enter it on the form. Once all of these items have been completed, the original of the form is sent to the employee while personnel retains a copy pending return of the form from the employee.

594.44 Decision

The employee decides whether to contribute make-up contributions. Make-up contributions are contributed through payroll deductions. The employee is required to make a decision within 30 days of receipt of the form. If an employee does not return the form within 30 days, that individual forfeits the right to contribute make-up contributions.

594.45 Disposition

594.451 No Return of PS Form 6886

If the employee does not return the PS Form 6886 within 30 days, personnel officials (1) annotate the copy "No Reply Within 30 Days — No Action Taken" and (2) file the form in the employee's OPF.

594.452 No Make-up Contributions

An employee who chooses not to contribute make-up contributions simply checks the appropriate block, signs the form, and returns it to personnel where the form is certified and filed in the employee's OPF as a permanent record.

594.453 Make-up Contributions

An employee who wishes to contribute make-up contributions chooses the number of pay periods over which contributions will be made. The minimum number of pay periods for make-up contributions is one. The maximum number of pay periods is four times the number of pay periods over which the error occurred. Whenever multiple pay periods are involved, the make-up contributions will be in equal amounts each pay period. In no instance may anything less than the full amount of the adjustment be deducted. The employee cannot elect make-up contributions for a portion of the period that was in error.

594.46 Processing

594.461 Upon receipt of a signed PS Form 6886 requesting make-up contributions, the personnel services office reviews the form, signs and dates it, and forwards the original to the Eagan ASC address on the form. Personnel retains and files a copy in the employee's OPF.

594.462 The Eagan ASC verifies that the amount on the form is correct. If the estimated total deduction entered by the personnel office is incorrect, the PS Form 6886 will be returned to personnel indicating the correction. The employee must be notified, and the correction must be annotated on the form in the OPF. Personnel returns the corrected PS Form 6886 to the Eagan ASC for processing if the employee still wishes to contribute make-up contributions.

594.463 If the employee has insufficient wages to withhold the full amount for the pay period, no contribution is made. These periods do not count against the number of pay periods chosen for make up contributions. When the employee has sufficient wages again, make-up contributions resume and continue until the full amount has been withheld or the employee elects to discontinue them.

594.464 If there is insufficient net pay to make all the TSP contributions, the regular TSP contributions will take precedence over the employee's make-up contributions.

594.465 Employees making up an underdeduction will have make-up contributions allocated in accordance with the TSP-1 election currently in effect. If the employee was erroneously denied participation in TSP, a separate TSP-1 may be completed for each open season that occurred during the period of underdeduction. If the employee fails to make a current election, all make-up contributions are designated to the G fund for the period of underdeduction.

594.466 Once the make-up contributions have begun, the employee may choose to terminate them. However, the decision to terminate is irrevocable. A PS Form 6886 must be prepared showing the employee's decision to terminate the make-up contributions. Personnel then signs and dates the form, and sends it to the Eagan ASC. A copy of the PS Form 6886 terminating the make-up contributions is attached to the PS Form 6886 in the OPF which requested the make-up contributions.

594.467 If an employee transfers to another agency, the new agency must be advised of the error. If the new agency advises that the employee elects to contribute make-up contributions, or to continue make-up contributions that began before the transfer, coordination between the personnel services offices and the Eagan ASC is necessary.

594.468 Earnings attributable to the period of underdeduction (if any) are posted to the employee's account in accordance with TSP lost earnings regulations.

594.5 Erroneous Retirement System

Whenever an action is processed correcting an employee's retirement system from CSRS to FERS or from FERS to CSRS, the employee is permitted to complete a new election form(s) in the same manner as if the erroneous classification had not occurred. If the error spanned more than one election period, the employee may elect to participate, change amounts or distributions, or terminate coverage according to the rules pertaining to the relevant open season. The procedures for underdeductions in 594.4 and overdeductions in 594.3 must be followed. Only the most current election form is entered at the DDE/DR site. A copy of all applicable election forms must be attached to PS Form 6886 or PS Form 2240 when it is sent to the Eagan ASC.

594.6 Back Pay Awards

594.61 General Rule

An employee receiving a back pay award must be made whole with respect to participating in the TSP. The procedures in 594.62 and 594.63 must be followed when processing back pay awards.

594.62 Erroneous Separation

The employee may elect participation or termination of elections in the same manner as though the separation did not occur. The most current election form must be processed at the DDE/DR site to begin or terminate withholdings when the employee is returned to the rolls. When the back pay claim is sent to the Eagan ASC, a copy of the election form(s) must be

included. The Eagan ASC computes the TSP amount and withholds it from the back pay award. The USPS contributions are computed as appropriate.

594.63 Continuous Service

Employees who receive a back pay adjustment and who are not separated from service receive an adjustment for contributions only if they previously elected coverage. The adjustment is processed automatically.

594.7 Claim Procedure

594.71 General Rule

If there is a dispute between the findings of the Postal Service relating to an employee's entitlement to make-up contributions, or the amount refunded as a result of an administrative error was less than the amount previously withheld, the employee may file a claim for correction with the personnel services office.

594.72 Review of Claim

All employee claims must be reviewed to determine whether the claim relates to an error made by the Postal Service or by the Federal Retirement Thrift Investment Board. If the claim relates to Board errors, the claim must be sent within 10 days of receipt to:

THRIFT SAVINGS PLAN SERVICE OFFICE
NATIONAL FINANCE CENTER
PO BOX 61500
NEW ORLEANS LA 70161-1500

The employee must be advised of the referral.

594.73 Postal Service Decision

When the claim relates to the Postal Service, the personnel services office must provide the employee with a decision within 30 days. If the decision is to deny the claim, the denial must be in writing and must contain the following information:

a. The reason for the denial, with references.

b. A description of any additional material or information necessary to approve the claim with an explanation of why it is necessary.

c. Steps to be taken if the employee wishes to appeal the decision.

594.74 Employee Appeal Rights

The employee may appeal the denial, in writing, within 30 days after receipt of the decision, to the appropriate Human Resources manager or designee. Under no circumstances may the designee be the same individual who originally denied the claim.

594.75 Final Decision

The final decision must be made, in writing, within 30 days after receipt of the employee's appeal. There is no administrative appeal of the Postal Service's final decision. Since all administrative remedies have been exhausted, the employee is eligible to file suit in the appropriate federal district court upon receipt of the Postal Service's final decision, or within 30 days of submission of the employee's appeal, if no final decision has been issued.

594.76 Time Limitation

An employee wishing to submit a claim under this section must do so within 1 year of receipt of the Earnings Statement reflecting the error, or 1 year of the close of the first election period following receipt of the Thrift Savings Plan Participant Statement reflecting the error, whichever comes first. The time limit does not apply to Postal Service initiated corrections.

595 Termination of Contributions

595.1 Definition

A termination is an election by an employee who is already contributing to the TSP to stop contributions.

595.2 Submissions

Employees may submit Form TSP-1, *Election Form,* to terminate contributions at any time.

595.3 Effective Date

Elections to terminate contributions are effective no later than the first day of the first pay period beginning after the date the election form is submitted to personnel.

595.4 Subsequent Elections

595.41 Submitted During Open Season

An employee who makes an election during open season to terminate contributions may make an election during the next open season to begin contributing again.

595.42 Submitted Other Than Open Season

An employee who makes an election at any time other than during an open season to terminate contributions may not make an election to contribute to TSP until the second open season following the termination.

595.43 Effective Date for Subsequent Elections

The following table shows the earliest date when contributions may resume following an election to terminate. Elections are always effective no sooner than the first full pay period in the election period. While the chart shows January 1 and July 1, the actual date will be the beginning of the first full pay period in that month. Open seasons are listed separately.

Effective Date of Termination	Resume Contributions
February 1–May 14	January 1
May 15–July 31	January 1
August 1–November 14	July l
November 15–January 31	July 1

596 Loans

596.1 Eligibility

Employees must have at least $1,000 of their own contributions and the earnings associated with those contributions in their TSP account to be eligible to apply for a loan.

596.2 Types of Loans

596.21 Residential Loans

Residential loans are only for the purchase of a primary residence.

596.22 General Purpose Loans

General purpose loans can be used for any purpose.

596.3 Applications

596.31 TSP-20, Thrift Savings Plan Loan Application

This form is provided to any eligible employee who requests it. The employee is responsible for completing the form and submitting it to the TSP Service Office.

596.32 Documentation

Residential loans require documentation as specified on the TSP-21-R, *Residential Loan Documentation,* which is mailed to the employee by the TSP Service Office following acceptance of the TSP-20. There is no loan documentation requirement for general purpose loans.

596.4 Interest

596.41 Rate

The interest rate charged on the loan is the latest available interest rate for the G Fund at the time the application is received. The interest rate will be shown on the Loan Agreement the employee receives from the TSP Service Office.

596.42 Guarantee

The interest rate is guaranteed for 45 days. If the TSP Service Office does not receive the signed Loan Agreement within that time frame, the application is cancelled.

596.43 Duration

Once the Loan Agreement is signed and received by the TSP Service Office within the established time frames the interest rate is fixed for the life of the loan.

596.44 Payment

The interest along with repayments on loan principal paid by an employee is deposited into the employee's TSP account.

596.45 Taxes

Because the interest paid by the employee is paid into the employee's TSP account, the interest is not tax-deductible and is not tax-deferred.

596.5 Restrictions

596.51 Amounts

596.511 Minimum Amount

The minimum an employee can borrow is $1,000. Employees must have at least $1,000 of their own contributions and the earnings associated with those contributions in their TSP account to be eligible to apply for a loan.

596.512 Maximum Amount

The Federal Employees' Retirement System Act (FERSA) of 1986 and Internal Revenue Code (IRC) limit the amount employees can borrow. Employees can never borrow more than $50,000 nor more than the total of their own contributions and the earnings associated with those contributions. The employee contribution and associated earnings balance and previous TSP activity are additional factors that determine maximum funds available for loan purposes (see 596.7).

596.52 Duration

596.521 Minimum Duration

The minimum length of a loan is 1 year.

596.522 Maximum Duration

The maximum length for a general purpose loan is 4 years. The maximum length for a residential loan is 15 years.

596.53 Collateral

The employee is not required to put up any property or other security for a loan.

596.54 Basic Pay Test

When employees apply for a loan, they are required to show that they will have at least 10 percent of their basic pay left each pay period after the loan payment is made. Employees will be required to submit copies of their most recent earnings statements to the TSP Service Office for this purpose.

596.55 Number of Loans

Employees may have two outstanding loans at any time. However, they may have only one residential loan at a time.

596.56 Spousal Rights

FERSA provides certain rights to spouses of TSP participants. Therefore, employees must indicate marital status on the TSP-20. Married CSRS employees must supply the spouse's name and address, as the TSP Service Office must *inform* the present spouse upon receipt of the loan application. Married FERS employees must have spousal *consent* for loans, acknowledged by the spouse's signature on the Loan Agreement supplied by the TSP Service Office. Exceptions to spousal rights provisions are explained in TSP loan material.

596.57 Court Orders

Certain court orders on file at the TSP that award payment from the account to someone other than the employee place a hold on the account and disallow approval of loan applications (see 598.1).

596.6 Loan Repayment

Loans must be repaid in substantially equal installations through automatic payroll deductions. Employees who wish to repay their loans in full must contact the TSP Service Office which will supply them with the full repayment amount. Employees then pay the full amount directly to the TSP Service Office, which will notify the Postal Service to end the automatic deduction. No partial direct payments are permitted.

596.7 Additional Information

The booklet, TSPBK04, *Thrift Savings Loan Program*, contains additional information and should be provided to employees interested in the loan program.

596.8 Verification of Participant's Account

Employees who wish a verification of their TSP account balance for a financial institution should have the financial institution write to:

THRIFT SAVINGS PLAN SERVICE OFFICE
CLIENT LIAISON AND COUNSELING SECTION
NATIONAL FINANCE CENTER
PO BOX 61502
NEW ORLEANS LA 70161-1500

The request must include the participant's name, Social Security number, date of birth, and the participant's signature authorizing the release of the information. The financial institution should enclose a self-addressed, stamped envelope.

597 Withdrawal of Funds

597.1 Eligibility

TSP is a long-term savings program designed to provide retirement income. Funds may be withdrawn upon retirement, separation, or death. In addition, in-service withdrawals may be made under limited circumstances (see 597.3).

597.2 Withdrawals Upon Separation

597.21 Withdrawal Options

Persons who have separated or retired are provided several options for the withdrawal of TSP funds. These options are:

a. *Life annuity* — This is a monthly benefit paid to the separated person (or his or her survivor) for life. (Refer to TSPBK05, *Thrift Savings Plan Annuities.)*

b. *Single payment distribution* — This is a distribution of the entire account balance in one payment.

c. *Monthly payments* — This distribution is made in a series of payments calculated over a fixed number of months or in a fixed dollar amount until depletion of the account balance.

d. Transfer to an Individual Retirement Account (IRA).

597.22 Mandatory Automatic Cashout

Persons separated with vested account balances of $3,500 or less are subject to the TSP automatic cashout procedures. Unless the TSP Service Office is in receipt of a TSP-70, *Withdrawal Request,* advising of the election of a withdrawal option as listed in 597.21 or an election to leave money in the TSP, funds are automatically paid.

597.23 Required Minimum Distribution

Regulations passed under the Thrift Savings Plan Act of 1996 (Public Law 104–208) taking effect in March 1998 regarding TSP withdrawal elections provide as follows:

a. Employees who separate after they reach age 70 1/2 must withdraw their TSP accounts (or begin receiving monthly payments) by April 1 of the year following the year in which they separate.

b. Separated participants must withdraw their TSP accounts (or begin receiving monthly payments) by April 1 of the year following the year in which they reach age 70 1/2.

c. Separated participants who do not make a withdrawal election by the deadline have an annuity purchased for them by the TSP (refer to booklet TSPBK05, *Thrift Savings Plan Annuities).*

597.24 Spousal Rights

597.241 Vested Account Balances of More Than $3,500

FERSA provides certain rights to spouses of TSP participants. Married participants with vested account balances of more than $3,500 must satisfy the spouses' rights requirement before the withdrawal option requested may be processed. A spouse of a FERS participant is entitled to a survivor annuity under a joint life annuity. Employees electing to purchase a different type of annuity, a single payment withdrawal, or a series of monthly payments must include a statement signed by their spouse waiving spousal right to the required annuity. A spouse of a CSRS participant must be *notified* of the elected withdrawal option and any future change to that election. Exception to spousal rights requirements are explained in TSP withdrawal material.

597.242 Vested Account Balances of $3,500 or Less

For withdrawals of vested account balances of $3,500 or less, see 597.22.

597.3 In-Service Withdrawals

597.31 Type of Withdrawal

In-service withdrawals provide employees an opportunity to withdraw funds from their TSP accounts while still employed, including employees in nonpay status. Two types of in-service withdrawals are available:

a. *Age-based withdrawal* — This option allows employees who are 59 1/2 or older a one-time opportunity to withdraw all or a portion of the vested account balances.

b. *Financial hardship withdrawal* — This option allows employees (regardless of age) who demonstrate financial hardship an opportunity to withdraw their own contributions and the earnings on those contributions, up to the amount of the documented hardship.

597.32 Application

TSP-75, *Age-Based In-Service Withdrawal Request,* and TSP-76, *Financial Hardship In-Service Withdrawal Request,* are available from the TSP Service Office, the Web site, or the personnel services offices.

597.33 Restrictions

597.331 Pay Period Contributions

Employees who receive *financial hardship* in-service withdrawals may not make employee contributions to their TSP account for a period of approximately 6 months. This 6-month period is called a noncontribution period. The noncontribution period begins on the first day of the pay period following the 46th day after the date the funds are disbursed. The noncontribution period ends on the first day of the pay period following the 226th day after the funds are disbursed. FERS employees in pay status continue to receive the agency automatic (1 percent) contribution.

597.332 Spousal Rights

FERSA provides certain rights to spouses of TSP participants. Therefore, employees must indicate marital status on the TSP-75 and TSP-76. Married CSRS employees must supply spouse's name and address, as the TSP Service Office must *inform* the present spouse upon receipt of the in-service withdrawal request application. Married FERS employees must have spousal *consent* for in-service withdrawals, acknowledged by the spouse's signature on the in-service withdrawal request application. Exceptions to spousal rights provisions are explained in TSP withdrawal material.

597.333 Court Orders

Certain court orders on file at the TSP that award payment from the account to someone other than the employee place a hold on the account and disallow approval of in-service withdrawals (see 598.1).

597.4 Death

597.41 Prior to Separating

If an employee dies while still employed, the balance in the TSP account is distributed in accordance with Form TSP-3, *Designation of Beneficiary.* If no designation of beneficiary is on file, the account is distributed in accordance with the order of precedence required by law:

a. To the surviving spouse.

b. If none, to the child or children and descendants of deceased children.

c. If none, to any surviving parents.

d. If none, to the duly appointed executor or administrator of the estate.

e. If none, to the next of kin who is entitled under the laws of the state in which the employee is living at the time of death.

597.42 After Separation

Any remaining balance is paid in the same manner as in 597.41 unless an annuity was purchased, in which case benefits are provided according to the annuity contract.

597.5 Spousal Rights

Federal law grants certain rights to spouses and former spouses regarding TSP funds. The TSP must take these rights into consideration when participants apply to withdraw funds after separation or while actively employed, or apply to borrow funds under the TSP loan program (see 596.56, 597.24, and 597.332).

597.6 Withdrawal Packages

597.61 Personnel Services Office Responsibilities

597.611 Separations and Retirements

All TSP participating employees who separate or retire must receive a TSP Withdrawal Package at the time of separation. TSP participating employees are all employees who have a TSP account, including FERS employees who are not contributing and only receiving agency automatic (1 percent) contributions and employees who are not currently contributing but who have established an account in the past.

597.612 Deaths

Representatives (family members or other interested individuals) of deceased participating employees, including those in a nonpay status, who request to file death claim applications must be provided a TSP Withdrawal Package. Deceased employees are considered automatically vested in any agency automatic (1 percent) contributions and earnings associated with those contributions (see 597.611 for a definition of participating employees).

597.62 Contents

The following materials must be included in all TSP Withdrawal Packages:

a. TSPBK02, *Withdrawing Your TSP Account.*

b. TSP70, *Withdrawal Request,* with TSP-70-T, *Transfer Information,* attached.

c. TSP-3, *Designation of Beneficiary.*

d. TSP-9, *Change of Address for Separated Participants.*

e. TSP-16, *Exception to Spousal Requirements.*

f. TSP-17, *Application for Account Balance of Deceased Participant.*

g. Important Tax Information About Payments From Your Thrift Savings Plan Account.

597.7 Additional Information

The booklets TSPBK02, *Withdrawing Your TSP Account Balance,* and TSPBK12, *TSP In-Service Withdrawals,* contain additional information concerning participant's options.

597.8 Return to Federal Service

If an individual reenters government service after separating or retiring with a vested balance, the following applies:

a. *Forfeited Balance.* Any amount that was forfeited as a result of the previous separation remains forfeited.

b. *Civilian Service.* Prior periods of civilian service that are still creditable are added to the current period to determine vesting.

c. *Withdrawing Fund in Equal Installments.* If the individual is receiving equal installments from TSP, the installment will stop upon reemployment.

d. *Receiving an Annuity.* If the individual is receiving an annuity, it will continue upon reemployment.

598 Court Orders

598.1 Types

The Federal Retirement Thrift Investment Board honors orders for the enforcement of outstanding child support or alimony obligations under regulations issued at 5 CFR Part 1653. The Board also honors the following retirement benefits court orders that are issued in connection with a divorce, annulment, or legal separation and that meet the requirements of the Board's regulations:

a. Preliminary court orders issued prior to final decrees, for the purpose of freezing a participant's TSP account.

b. Final court orders.

c. Amendatory court orders issued subsequent to a decree for the purpose of amending the decree with respect to the TSP.

598.2 Requirements

A qualifying Retirement Benefits Court Order must meet the following criteria to be honored by the Board:

a. The order must *expressly relate* to the TSP account.

b. The amount of entitlement in the order must be *clearly determinable.*

c. The order must require payment to a person other than the TSP participant.

598.3 Notification

The Board notifies participants of any court orders received against their accounts and advises that the account has been frozen to prevent withdrawal of funds and loan opportunities. The Board also informs participants of its decision regarding such court orders and, if applicable, gives them information about how to appeal.

598.4 Effect on Withdrawal Options

A participant's choice of a withdrawal option cannot conflict with the provisions of a valid court order. If there is a court order on file with the Board and the participant selects an option that cannot be processed because of the court order, the participant is notified and asked to make another choice.

598.5 Effect on Loans

A qualifying court order may restrict the employee's ability to receive a loan. The TSP reviews each court order individually to determine its effect.

598.6 Address

Qualified court orders must be submitted to:

THRIFT SAVINGS PLAN SERVICE OFFICE
NATIONAL FINANCE CENTER
PO BOX 61500
NEW ORLEANS LA 70161-1500

598.7 Additional Information

The booklet TSPBK11, *Information About Court Orders,* contains additional information concerning handling of court orders. This booklet is available at personnel services offices or on the Web site.

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