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That this Act may be cited as the "Federal Retirement Reform Act of 1985".

**PURPOSES**

Sec. 2. The purposes of this Act are--

(1) to provide Federal employees with a retirement benefits plan which is comparable to good private sector retirement benefits plans;

(2) to assist in building a quality career work force in the Federal Government;

(3) to promote financial stability and flexibility for the future of each Federal employee;

(4) to ensure a fully funded and financially sound Federal Government retirement benefits plan;

(5) to enhance portability of retirement assets between Federal jobs and jobs outside the Federal Government;

(6) to increase the options of each Federal employee with respect to retirement benefits plans;

(7) to encourage Federal employees to increase personal savings for retirement;

(8) to include Federal employees in the investment decisionmaking process with respect to the assets of the retirement system; and

(9) to extend financial protection from disability to

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1 additional Federal employees and to increase such  
 2 protection for eligible Federal employees.

3 TITLE I--FEDERAL RETIREMENT SYSTEM

4 ESTABLISHMENT

5 Sec. 101. (a) Title 5, United States Code, is amended by  
 6 inserting after chapter 83 the following new chapter:

7 ``CHAPTER 84--FEDERAL RETIREMENT SYSTEM

``SUBCHAPTER I--DEFINITIONS; FEDERAL RETIREMENT SYSTEM

``Sec.

- ``8401. Definitions.
- ``8402. Federal Retirement System; participation.
- ``8403. Relationship to the Social Security Act.

``SUBCHAPTER II--BASIC PLAN

- ``8411. Entitlement to immediate retirement.
- ``8412. Entitlement to deferred retirement.
- ``8413. Computation of annuity.
- ``8414. Reduction for early retirement.
- ``8415. Reduction for survivor annuities.
- ``8416. Methods of payments.
- ``8417. Level benefits option.
- ``8418. Contributions.
- ``8419. Funding of annuity attributable to military service.
- ``8420. Lump-sum benefits; designation of beneficiaries;  
 order of precedence.

``SUBCHAPTER III--THRIFT SAVINGS PLAN

- ``8421. Contributions.
- ``8422. Vesting.
- ``8423. Entitlement and elections relating to entitlement.
- ``8424. Annuities: methods of payment; election; and  
 computation.
- ``8425. Administrative provisions relating to payments and  
 elections.
- ``8426. Thrift Savings Fund.
- ``8427. Investment of Thrift Savings Fund.
- ``8428. Accounting.

``SUBCHAPTER IV--SURVIVOR BENEFITS

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- ``8431. Basic plan spousal benefits relating to the death of a participant or former participant other than an annuitant.
- ``8432. Basic plan spousal and insurable interest benefits relating to the death of an annuitant.
- ``8433. Survivor benefits under the thrift savings plan.
- ``8434. Basic and thrift savings plan survivor benefits relating to marriage after commencement of an annuity.
- ``8435. Survivor benefits for former spouses: entitlements; amount.
- ``8436. Survivor benefits for former spouses: elections, deposits and collections, and administrative provisions.
- ``8437. Termination of entitlement.
- ``8438. Deposits to the Fund.

``SUBCHAPTER V--DISABILITY BENEFITS

- ``8441. Definitions.
- ``8442. Entitlement.
- ``8443. Computation of benefits.
- ``8444. Application.
- ``8445. Medical examinations.
- ``8446. Offers of alternative employment.
- ``8447. Recovery or restoration of earning capacity.
- ``8448. Relationship to workers' compensation.
- ``8449. Military reserve technicians.
- ``8450. Administrative provisions.
- ``8451. Annual accounting; special contingency reserve.
- ``8452. Federal Employees' Disability Insurance Fund.

``SUBCHAPTER VI--GENERAL AND ADMINISTRATIVE PROVISIONS

- ``8461. Authority of the Office of Personnel Management.
- ``8462. Cost-of-living adjustment in basic plan annuities, survivor annuities, and disability benefits.
- ``8463. Rate of benefits.
- ``8464. Commencement and termination of annuities..
- ``8465. Waiver, allotment, and assignment of benefits.
- ``8466. Application for benefits.
- ``8467. Court orders.
- ``8468. Annuities and pay on reemployment.
- ``8469. Information.

``SUBCHAPTER VII--TRANSITION PROVISIONS

- ``8471. Treatment of certain individuals subject to the Civil Service Retirement and Disability System.
- ``8472. Special rules for participants retaining entitlement

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in the Civil Service Retirement and Disability System.

- ``8473. Participants subject to the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983.
- ``8474. Reemployed annuitants under a Government retirement system.
- ``8475. Exemption from certain offset provisions of the Social Security Act.
- ``8476. Regulations.

``SUBCHAPTER VIII--FEDERAL RETIREMENT THRIFT INVESTMENT MANAGEMENT SYSTEM

- ``8491. Federal Retirement Thrift Investment Board.
- ``8492. Federal Retirement Thrift Advisory Committee.
- ``8493. Employee Advisory Committee.
- ``8494. Executive Director.
- ``8495. Investment policy.
- ``8496. Administrative provisions.
- ``8497. Fiduciary responsibilities; liability and penalty.
- ``8498. Bonding.
- ``8499. Exculpatory provisions; insurance.

1 ``SUBCHAPTER I--DEFINITIONS; FEDERAL RETIREMENT SYSTEM

2 ``§ 8401. Definitions

3 ``Except as otherwise provided in this chapter, for the  
4 purposes of this chapter--

5 ``(1) the term 'account', when used with respect to a  
6 participant or annuitant, means an account established  
7 and maintained under section 8428(a) of this title;

8 ``(2) the term 'annuitant' means a former participant  
9 who is entitled to an annuity under this chapter and who  
10 has applied under this chapter for the payment of the  
11 annuity to commence;

12 ``(3) the term 'average pay', when used with respect  
13 to a participant, means the largest annual rate resulting

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1 from averaging the participant's rates of basic pay in  
2 effect over any 5 consecutive years of creditable service  
3 or, in the case of an annuity under this chapter based on  
4 service of less than 5 years, over the total service,  
5 with each rate weighted by the period it was in effect;

6 '(4) the term 'basic pay', when used with respect to  
7 a participant--

8 '(A) means the lesser of--

9 '(1) the basic pay of the participant  
10 established pursuant to law, without regard to  
11 any provision of law (except sections 5308 and  
12 5382(b) of this title) limiting the rate of pay  
13 actually payable in any pay period (including any  
14 provision of law restricting the use of  
15 appropriated funds); or

16 '(ii) the rate of basic pay payable for  
17 level I of the Executive Schedule; and

18 '(B) includes the items described in  
19 subparagraphs (A) through (D) of paragraph (3) of  
20 section 8331 of this title and does not include the  
21 items excluded by such paragraph;

22 '(5) the term 'Board' means the Federal Retirement  
23 Thrift Investment Board established by section 8491(a) of  
24 this title;

25 '(6) the term 'Civil Service Retirement and

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1 Disability Fund' means the Civil Service Retirement and  
2 Disability Fund referred to in section 8348 of this  
3 title;

4 '(7) the term 'court', when used with respect to a  
5 judgment, decree, order, or other judicial action, means  
6 any court of the United States, a State, the District of  
7 Columbia, the Commonwealth of Puerto Rico, or a territory  
8 or possession of the United States, or any Indian court,  
9 having jurisdiction to issue such judgment, decree, or  
10 order or to take such other judicial action;

11 '(8) the term 'Director' means the Director of the  
12 Office of Personnel Management;

13 '(9) the term 'dynamic assumptions' means economic  
14 assumptions that are used in determining actuarial costs  
15 and liabilities of a retirement system and in  
16 anticipating the effects of long-term future--

17 '(A) investment yields,

18 '(B) increases in rates of basic pay, and

19 '(C) rates of price inflation;

20 '(10) the term 'earnings', when used with respect to  
21 the Thrift Savings Fund, means the amount of the gain  
22 experienced or yield received from the investment of sums  
23 in such fund;

24 '(11) the term 'eligible former spouse', when used  
25 with respect to a participant or former participant,

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1 means a former spouse of the participant or former  
 2 participant who was married to the participant or former  
 3 participant for at least 9 months;

4 "(12) the term 'employee' means--

5 "(A) each individual referred to in  
 6 subparagraphs (A), (E), (F), (H), (I), and (J) of  
 7 section 8331(1) of this title, including an employee  
 8 of the United States Park Police and an employee of <sup>referred to in section 2105 (2)</sup>  
 9 the United States Secret Service; <sup>of this title</sup> and <sup>an employee, who was first</sup>  
 10 <sup>employed by the Government after Dec</sup>  
 11 <sup>31, 1982</sup>

12 "(B) a Congressional employee as defined in  
 13 section 2107 of this title, including a temporary  
 14 Congressional employee;

15 any of whose employment by the Government after December  
 16 31, 1983, is employment for the purposes of title II of  
 17 the Social Security Act and chapter 21 of the Internal  
 18 Revenue Code of 1954, except that such term does not  
 19 include any individual referred to in clause (i), (ii),  
 20 (v), (vi), or (ix) of paragraph (1) of section 8331 of  
 21 this title or in the undesignated material after clause  
 22 (ix) of such paragraph, any individual excluded under  
 23 section 8402(b)(2) of this title, or any individual who  
 24 was subject to subchapter III of chapter 83 of this title  
 25 on December 31, 1983, has not had a break in employment  
 by the Government for a period of more than 1 year  
 beginning after such date, and has not commenced

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1 participation in the System pursuant to section 8471 of  
2 this title;

3 ``(13) the term 'Employee Advisory Committee' means  
4 the Employee Advisory Committee established in accordance  
5 with section 8493 of this title;

6 ``(14) the term 'Executive Director' means the  
7 Executive Director appointed under section 8494(a)(1) of  
8 this title;

9 ``(15) the term 'firefighter' means--

10 (A) an employee the duties of whose position--

11 ``(i) are primarily to perform work directly  
12 connected with the control and extinguishment of  
13 fires; and

14 ``(ii) are sufficiently rigorous that  
15 employment opportunities are required to be  
16 limited to young and physically vigorous  
17 individuals, as determined by the Director  
18 considering the recommendation of the employing  
19 agency; and

20 ``(B) an employee who is transferred directly to  
21 a supervisory or administrative position after  
22 performing duties described in subparagraph (A) of  
23 this paragraph for at least 10 years;

24 ``(16) the term 'Fund' means the Civil Service  
25 Retirement and Disability Fund;



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1            “(17) the term ‘Government’ means the Federal  
2 Government and Gallaudet College;

3            “(18) the term ‘law enforcement officer’ means--

4               “(A) an employee, the duties of whose position--

5                   “(i) are primarily (I) the investigation,  
6 apprehension, or detention of individuals  
7 suspected or convicted of offenses against the  
8 criminal laws of the United States, or (II) the  
9 protection of officials of the United States  
10 against threats to personal safety; and

11                   “(ii) are sufficiently rigorous that  
12 employment opportunities are required to be  
13 limited to young and physically vigorous  
14 individuals, as determined by the Director  
15 considering the recommendation of the employing  
16 agency; and

17               “(B) an employee who is transferred directly to  
18 a supervisory or administrative position after  
19 performing duties described in subparagraph (A) of  
20 this paragraph for at least 10 years;

21            “(19) the term ‘loss’, when used with respect to the  
22 Thrift Savings Fund, means the amount of the loss  
23 experienced from the investment of sums in such fund;

24            “(20) the term ‘lump-sum credit’ has the same  
25 meaning as provided by section 8331(8) of this title;

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1           “(21) the term ‘Member’ has the same meaning as  
2 provided in section 2106 of this title, except that such  
3 term does not include a person who (A) was a Member of  
4 Congress on December 31, 1983, and (B) has not commenced  
5 participation in the System pursuant to section 8471 of  
6 this title;

7           “(22) the term ‘military reserve technician’ means a  
8 member of one of the reserve components of the Armed  
9 Forces specified in section 261(a) of title 10 who--

10           “(A) is assigned to a civilian position as a  
11 technician in the administration and training of such  
12 reserve components or in the maintenance and repair  
13 of supplies issued to such reserve components; and

14           “(B) as a condition of employment in such  
15 position, is required to be a member of one of such  
16 reserve components serving in a specified military  
17 grade;

18           “(23) the term ‘net earnings’ means the excess of  
19 earnings over losses;

20           “(24) the term ‘net losses’ means the excess of  
21 losses over earnings;

22           “(25) the term ‘normal cost’ means the entry-age  
23 normal cost of the provisions of the System which relate  
24 to the Fund, computed by the Office in accordance with  
25 generally accepted actuarial practice and standards

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1 (using dynamic assumptions) and expressed as a level  
2 percentage of aggregate basic pay, and shall be used to  
3 value the cost of the System for all purposes in which  
4 the cost of the System is required to be determined;

5 ``(26) the term 'Office' means the Office of  
6 Personnel Management;

7 ``(27) the term 'participant' means an employee or  
8 Member or a person who is receiving disability benefits  
9 under subchapter V of this chapter;

10 ``(28) the term 'price index' has the same meaning as  
11 provided in section 8331(15) of this title;

12 ``(29) the term 'service', when used with respect to  
13 a participant or former participant, means--

14 ``(A) employment as a participant after December  
15 31, 1986;

16 ``(B) service which is creditable under section  
17 8473 of this title;

18 ``(C) subject to section 8419(a) of this title,  
19 military service as provided in section 8332(c) of  
20 this title;

21 ``(D) service that is creditable under subchapter  
22 III of chapter 83 of this title, but only for the  
23 purposes provided in section 8472(a) of this title;

24 and

25 ``(E) leaves of absence commencing after December

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1           31, 1986, under the same conditions and subject to  
2           the same limitations as are prescribed in section  
3           8332(f) of this title; and  
4           is computed as the full years and twelfth parts thereof,  
5           excluding from the aggregate the fractional part of a  
6           month, if any;

7           “(30) the term ‘supplemental liability’ means the  
8           estimated excess of--

9           “(A) the actuarial present value of all future  
10          benefits payable from the Fund under this chapter,  
11          over

12          “(B) the sum of--

13          “(1) the actuarial present value of the  
14          future contributions to be made on behalf of  
15          participants pursuant to section 8418(a) of this  
16          title; and

17          “(ii) the balance which is in the Fund on  
18          the date the supplemental liability is determined  
19          and is attributable to the System or to  
20          contributions made under section 204(b) or 205 of  
21          the Federal Employees’ Retirement Contribution  
22          Temporary Adjustment Act of 1983 (97 Stat. 1106;  
23          5 U.S.C. 8331 note); and

24          “(31) the term ‘System’ means the Federal Retirement  
25          System described in section 8402(a) of this title.

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1 ``§ 8402. Federal Retirement System; participation

2 ``(a) The provisions of this chapter comprise the Federal  
3 Retirement System.

4 ``(b)(1) Except as provided in paragraph (2) of this  
5 subsection, each employee and Member shall be a participant  
6 in the System.

7 ``(2)(A) The Office may exclude from the operation of  
8 this chapter an employee or group of employees in or under an  
9 Executive agency whose employment is temporary or  
10 intermittent, except an employee whose employment is part-  
11 time career employment (as defined in section 3401(2) of this  
12 title).

13 ``(B) The Architect of the Capitol may exclude from the  
14 operation of this chapter an employee under the Office of the  
15 Architect of the Capitol whose employment is temporary or of  
16 uncertain duration.

17 ``(C) The Librarian of Congress may exclude from the  
18 operation of this chapter an employee under the Library of  
19 Congress whose employment is temporary or of uncertain  
20 duration.

21 ``§ 8403. Relationship to the Social Security Act

22 ``Except as otherwise provided in this chapter, the  
23 benefits payable under the System are in addition to the  
24 benefits payable under the Social Security Act.

25 ``SUBCHAPTER II--BASIC PLAN

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1 ``§ 8411. Entitlement to immediate retirement

2 `` (a) An employee or a Member who is separated from  
3 Government employment after becoming 55 years of age and  
4 completing 10 years of service is entitled to an immediate  
5 annuity.

6 `` (b) An employee or a Member who is separated from  
7 Government employment after becoming 62 years of age and  
8 completing 5 years of service is entitled to an immediate  
9 annuity.

10 `` (c) An employee who is separated from Government  
11 employment--

12 `` (1) after becoming 50 years of age and completing  
13 20 years of service as a law enforcement officer or  
14 firefighter, or any combination of such service totaling  
15 at least 20 years, or

16 `` (2) after completing 25 years of service as a law  
17 enforcement officer or firefighter, or any combination of  
18 such service totaling at least 25 years,

19 is entitled to an immediate annuity. The provisions of  
20 section 8335(b) of this title, relating to mandatory  
21 separation, shall apply to a participant who is a law  
22 enforcement officer or a firefighter.

23 `` (d) An employee who is separated from Government  
24 employment--

25 `` (1) after becoming 50 years of age and completing

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1 20 years of service as an air traffic controller, or  
2 "(2) after completing 25 years as an air traffic  
3 controller,

4 is entitled to an immediate annuity. The provisions of  
5 section 8335(a) of this title, relating to mandatory  
6 separation, shall apply to a participant who is an air  
7 traffic controller.

8 "(e)(1) Except as provided in paragraphs (2) and (3) of  
9 this subsection, any employee who has completed 25 years of  
10 service, or is not less than 50 years of age and has  
11 completed 20 years of service, and who--

12 "(A) is separated from Government employment  
13 involuntarily, except by removal for cause on charges of  
14 misconduct or delinquency, or

15 "(B) while serving in a geographic area designated  
16 by the Director, is voluntarily separated from Government  
17 employment during a period that (as determined by the  
18 Director)--

19 "(1) the agency in which the employee is serving  
20 is undergoing a major reorganization, a major  
21 reduction in force, or a major transfer of function,  
22 and

23 "(ii) a significant percentage of the total  
24 number of employees serving in such agency will be  
25 separated or subject to an immediate reduction in the

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1 rate of basic pay (without regard to subchapter VI of  
2 chapter 53 of this title or comparable provisions),  
3 is entitled to an immediate annuity.

4 "(2) An employee described in paragraph (1)(A) of this  
5 subsection is not entitled to an annuity under this  
6 subsection if the employee has declined a reasonable offer of  
7 another position in the employee's agency for which the  
8 employee is qualified and the offered position is not lower  
9 than 2 grades or pay levels below the employee's grade or pay  
10 level and is within the employee's commuting area.

11 "(3) Paragraph (2) of this subsection shall not apply to  
12 a firefighter, law enforcement officer, or air traffic  
13 controller.

14 "(f) An annuity authorized by this section is computed  
15 under sections 8413 through 8415 of this title.

16 "(g) A former employee or Member who is entitled to  
17 benefits under subchapter I of chapter 81 of this title is  
18 not entitled to an annuity under this section while receiving  
19 such benefits.

20 "§ 8412. Entitlement to deferred retirement

21 "(a) A participant who is under 55 years of age and  
22 separates from Government employment after completing 10  
23 years of service is entitled to an annuity to commence on or  
24 after the date the participant becomes 55 years of age but  
25 not later than the date the participant becomes 62 years of



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1 age, as elected by the participant under rules prescribed by  
2 the Office.

3     “(b) A participant who is under 62 years of age and  
4 separates from Government employment after completing 5 years  
5 of service and before completing 10 years of service is  
6 entitled to an annuity to commence on the date the  
7 participant becomes 62 years of age.

8     “(c) An annuity authorized by this section is computed  
9 under sections 8413 through 8415 of this title.

10     “(d) A former employee or Member who is entitled to  
11 benefits under subchapter I of chapter 81 of this title is  
12 not entitled to an annuity under this section while receiving  
13 such benefits.

14     “§ 8413. Computation of annuity

15     “(a)(1) Except as provided in paragraph (2) of this  
16 subsection and section 8414 or 8415 of this title, the amount  
17 of the annuity an annuitant is entitled to receive under this  
18 subchapter shall be equal to--

19         “(A) 0.9 percent of the annuitant's average pay  
20 multiplied by so much of an annuitant's total service as  
21 does not exceed 15 years; and

22         “(B) 1.1 percent of the annuitant's average pay  
23 multiplied by so much of the annuitant's total service as  
24 exceeds 15 years.

25     “(2) In the case of a participant whose service includes

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1 service in the position of a law enforcement officer,  
2 firefighter, air traffic controller, or military reserve  
3 technician, the percent applicable to the service in such  
4 position for the purposes of paragraph (1) of this subsection  
5 is 1 percent.

6 `` (3) For the purposes of computing the amount of an  
7 annuity under paragraphs (1) and (2) of this subsection, the  
8 total service of a participant who separates from Government  
9 employment entitled to an immediate annuity or who dies  
10 leaving a survivor or survivors entitled to a survivor  
11 annuity under this chapter includes days of unused sick leave  
12 credited to the participant under a formal leave system to  
13 the same extent that unused sick leave is credited in  
14 computing an annuity of a person who is subject to subchapter  
15 III of chapter 83 of this title, as provided in section  
16 8339(m) of this title.

17 `` (b)(1) A former participant who is entitled to receive  
18 an annuity under subsection (c) or (d) of section 8411 of  
19 this title shall also be entitled to receive an annuity  
20 supplement, in addition to the amount of the annuity computed  
21 under subsection (a) of this section, while the former  
22 participant is under 62 years of age.

23 `` (2) The amount of the annuity supplement payable to a  
24 former participant under paragraph (1) of this subsection  
25 shall be equal to the estimated amount of the benefits that--

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1           “(A) the former participant would be entitled to  
2 receive under title II of the Social Security Act if the  
3 participant were 62 years of age on the date the annuity  
4 referred to in such paragraph commences; and

5           “(B) is attributable to service referred to in  
6 section 8411(c) or 8411(d) of this title, as the case may  
7 be,

8 computed on the date such annuity commences and increased as  
9 provided in paragraph (3) of this subsection.

10          “(3) Effective on January 1 of each year, the amount of  
11 the annuity supplement payable to a former participant under  
12 this subsection shall be increased by the percentage  
13 increase, if any, in the SSA average wage index (as defined  
14 in section 215(i)(1)(G) of the Social Security Act) published  
15 for November of the immediately preceding year over such  
16 index published for November of the year ending immediately  
17 before such preceding year.

18          “(c) In computing under this section the annuity of an  
19 individual who has performed service on less than a full-time  
20 basis, such service shall be credited on a proportional basis  
21 equal to the fraction that such service is of full-time  
22 service, and the annual rate of basic pay that would be  
23 payable for full-time service in the position shall be deemed  
24 to be the rate of basic pay.

25        “§ 8414. Reduction for early retirement

1     “(a) Except as provided in subsection (b) and (c) of  
2 this section, the annuity computed under section 8413(a) of  
3 this title (without regard to this section or section 8415 of  
4 this title)--

5         “(1) for an annuitant, other than an annuitant  
6 referred to in paragraph (2) or (3)(A) of this  
7 subsection, who is under 62 years of age on the date on  
8 which the annuitant's annuity commences shall be reduced  
9 by one-sixth of 1 percent for each full month that the  
10 annuitant is under such age on such date;

11         “(2) for an annuitant, other than an annuitant  
12 entitled to an immediate annuity under section 8411(e) of  
13 this title, who is at least 55 years of age and is under  
14 62 years of age on the date on which the annuitant's  
15 annuity commences and has not completed 30 years of  
16 service shall be reduced by five-twelfths of 1 percent  
17 for each full month that the annuitant is under 62 years  
18 of age on such date; and

19         “(3) for an annuitant who--

20                 “(A) separated from Government employment as a  
21 military reserve technician entitled to an immediate  
22 annuity under section 8411(e) of this title, and

23                 “(B) is under 55 years of age on the date on  
24 which the annuitant's annuity commences,  
25 shall be reduced by one-sixth of 1 percent for each full  
26 month that the annuitant is under such age on such date.

27         “(b) Subsection (a) of this section shall not apply in  
28 the case of--

29                 “(1) a participant who separates from Government

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1 employment entitled to an immediate annuity under section  
2 8411(c) or 8411(d) of this title; or

3 "(2) an annuitant who has elected to make  
4 contributions under section 8418(c) of this title and has  
5 not received a refund of such contributions under section  
6 8420 of this title, is at least 55 years of age on the  
7 date on which the annuitant's annuity commences, and has  
8 completed 30 years of service.

9 "(c) Subsection (a)(1) of this section shall not apply  
10 to a participant who separates from Government employment as  
11 a military reserve technician after becoming 55 years of age  
12 and completing 30 years of service.

13 "§ 8415. Reduction for survivor annuities

14 "(a) The annuity of an annuitant computed under section  
15 8413 of this title and, if appropriate, under section 8414 of  
16 this title shall be reduced by 10 percent for each survivor  
17 annuity which is expected to be payable out of the Fund with  
18 respect to the annuitant under this chapter.

19 "(b)(1) A reduction of an annuity pursuant to subsection  
20 (a) of this section in the case of an annuitant who has  
21 elected to make contributions under section 8418(c) of this  
22 title and has not received a refund of such contributions  
23 under section 8420 of this title shall be adjusted, as  
24 appropriate to carry out such subsection, to reflect any  
25 change in circumstances relating to entitlement to a survivor

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1 annuity, including any election made pursuant to section  
2 8434(a), 8436(b), or 8436(c) of this title and any  
3 termination of an entitlement to a survivor annuity.

4 `` (2) An adjustment may not be made under paragraph (1)  
5 of this subsection in the case of an annuitant not described  
6 in such paragraph.

7 `` § 8416. Methods of Payment

8 `` (a)(1) The Office shall prescribe methods of payment of  
9 annuities under this subchapter.

10 `` (2) The methods of payment prescribed under paragraph  
11 (1) of this subsection shall include, but not be limited to--

12 `` (A) a method which provides for the payment of a  
13 monthly annuity only to an annuitant during the life of  
14 the annuitant;

15 `` (B) a method which provides for the payment of a  
16 monthly annuity to an annuitant and a monthly survivor  
17 annuity equal to 50 percent of the annuitant's annuity on  
18 the date of the annuitant's death (computed without  
19 regard to section 8415 of this title and any election  
20 under section 8417(a) of this title) to the annuitant's  
21 surviving spouse, if any; and

22 `` (C) a method which provides for the payment of a  
23 monthly annuity to an annuitant and a monthly survivor  
24 annuity equal to 50 percent of the annuitant's annuity on  
25 the date of the annuitant's death (computed without

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1 regard to an election under section 8417(a) of this  
2 title) to an individual who is designated by the  
3 annuitant and who has an insurable interest in the  
4 annuitant.

5 `` (b)(1) Subject to paragraphs (2) and (3) of this  
6 subsection--

7 `` (A) under such regulations as the Office shall  
8 prescribe, a participant or former participant who is  
9 applying for an annuity under this subchapter to commence  
10 shall elect one of the methods of payment prescribed by  
11 the Office under subsection (a) of this section; and

12 `` (B) the annuity of an annuitant under this  
13 subchapter shall be paid in accordance with the method of  
14 payment elected by the annuitant pursuant to subparagraph  
15 (A) of this paragraph.

16 `` (2)(A) A participant or former participant who is  
17 married on the date on which the participant or former  
18 participant applies for an annuity under this subchapter to  
19 commence may elect a method of payment other than the method  
20 described in subsection (a)(2)(B) of this section only if the  
21 participant or former participant and the spouse of the  
22 participant or former participant jointly waive a survivor  
23 annuity under the method described in such subsection  
24 (a)(2)(B).

25 `` (B) A waiver shall not be effective for the purpose of

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1 subparagraph (A) of this paragraph unless the waiver is made  
2 in writing, is notarized, and is filed with the Office on or  
3 before the date the annuity to which the waiver relates  
4 commences.

5     “(C) A waiver made in accordance with this paragraph  
6 shall be irrevocable.

7     “(3) In the case of an annuitant who is subject to  
8 paragraph (2)(A) of this subsection and fails to make an  
9 election under paragraph (1) of this subsection, an annuity  
10 and survivor annuity shall be paid under the method of  
11 payment described in subsection (a)(2)(B) of this section.

12     “(4) A participant or former participant may elect the  
13 method prescribed under subsection (a)(2)(C) of this section  
14 only if the participant or former participant is in good  
15 health on the date the election is made, as determined by the  
16 Office.

17     “§ 8417. Level benefits option

18     “(a) Under regulations prescribed by the Office, an  
19 annuity payable under this subchapter to a participant who is  
20 separating from Government employment entitled to an  
21 immediate annuity under subsection (a) of section 8411 of  
22 this title and is less than 62 years of age may be adjusted  
23 as provided in subsection (b) of this section, if elected by  
24 the participant on or before the date of separation.

25     “(b)(1) Subject to paragraph (2) of this subsection, an



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1 annuity payable under this subchapter to an annuitant who has  
2 made an election authorized by subsection (a) of this section  
3 may be increased during the period the annuitant is not less  
4 than 55 years of age and is less than 62 years of age and may  
5 be reduced on and after the date the annuitant is not less  
6 than 62 years of age as appropriate to provide the annuitant  
7 an annuity under this subchapter, during each month of such  
8 period, in an amount which (as nearly as is practicable to  
9 determine) equals the total amount of the monthly benefits  
10 payable to the annuitant under this subchapter and section  
11 202(a) of the Social Security Act after such date.

12     “(2) The actuarial present value of the benefits  
13 expected to be paid under this subchapter to the annuitant as  
14 provided in paragraph (1) of this subsection may not exceed  
15 the actuarial present value of the benefits that would be  
16 expected to be paid under this subchapter to such participant  
17 if the adjustments authorized by such paragraph were not  
18 made, as determined under regulations prescribed by the  
19 Office.

20     “§ 8418. Contributions

21     “(a)(1) Each agency of the Government employing a  
22 participant shall contribute to the Fund an amount equal to  
23 the sum of--

24         “(A) the normal cost, as determined by the Office,  
25 of (1) each participant who is employed by the agency,

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1 and (ii) each disabled participant who is entitled to  
2 benefits under section 8442(a) of this title and was  
3 employed by the agency on the date the participant became  
4 disabled (computed using average pay as increased in  
5 accordance with section 8441(6) of this title); and

6 "(B) the normal cost, as determined by the Office,  
7 of the annuity supplement under section 8413(b) of this  
8 title for each law enforcement officer, firefighter, and  
9 air traffic controller who is employed by the agency.

10 In computing normal cost, the Office shall not take into  
11 account normal cost attributable to credit for military  
12 service provided in section 8419 of this title.

13 "(2) The contribution required by paragraph (1) of this  
14 subsection to be made by an agency shall be made from the  
15 appropriation or fund used to pay the agency's participants,  
16 or, in the case of an elected participant, from an  
17 appropriation or fund available for payment of other salaries  
18 of the office or establishment of the participant. In the  
19 case of a participant in the legislative branch who is paid  
20 by the Clerk of the House of Representatives, contributions  
21 for the benefit of such participant shall be paid from the  
22 contingent fund of the House of Representatives.

23 "(b)(1) As of the close of each fiscal year beginning  
24 after September 30, 1987, the Office shall compute for such  
25 fiscal year--

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1           “(A) the amount of the supplemental liability of the  
2 Fund relating to participants and annuitants other than  
3 participants and annuitants referred to in subparagraph  
4 (B) of this paragraph, and

5           “(B) the amount of the supplemental liability of the  
6 Fund relating to participants and annuitants who are  
7 active or retired officers or employees of the United  
8 States Postal Service.

9           “(2) The amounts of any supplemental liability--

10           “(A) computed for any fiscal year pursuant to  
11 paragraph (1)(A) of this subsection with respect to  
12 participants and annuitants referred to in such paragraph  
13 (1)(A) of this subsection, and

14           “(B) computed for any fiscal year pursuant to  
15 paragraph (1)(B) of this subsection with respect to  
16 participants and annuitants referred to in such paragraph  
17 (1)(B),

18 shall each be amortized in thirty annual installments.

19           “(3) At the end of each fiscal year, the Office shall  
20 notify--

21           “(A) the Secretary of the Treasury of the amount of  
22 the annual installment computed under paragraph (2)(A) of  
23 this subsection for such fiscal year, and

24           “(B) the Postmaster General of the United States of  
25 the amount of the annual installment computed pursuant to

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1 paragraph (2)(B) of this subsection for such fiscal year.

2 ``(4)(A) Before closing the accounts for a fiscal year,  
3 the Secretary of the Treasury shall credit the amount of the  
4 annual installment computed for such fiscal year pursuant to  
5 paragraph (2)(A) to the Fund, as a Government contribution,  
6 out of any money in the Treasury of the United States not  
7 otherwise appropriated.

8 ``(B) Upon receiving a notice required by paragraph  
9 (3)(B) of this subsection, the United States Postal Service  
10 shall pay to the Fund the amount of the annual installment  
11 specified in the notice.

12 ``(5) For the purpose of carrying out paragraph (1) of  
13 this subsection with respect to any fiscal year, the Office  
14 may--

15 ``(A) require the Board of Actuaries of the Civil  
16 Service Retirement System to make actuarial  
17 determinations and valuations, make recommendations, and  
18 maintain records in the same manner as provided in  
19 section 8347(f) of this title; and

20 ``(B) may use the latest actuarial determinations and  
21 valuations made by such Board of Actuaries.

22 ``(c)(1) Except as provided in paragraph (6) of this  
23 subsection, under regulations prescribed by the Office, a  
24 participant may elect to contribute to the Fund under this  
25 subsection. An election under this paragraph may be made only

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1 within 60 days after the date the participant first becomes a  
2 participant and shall be irrevocable.

3     “(2) Each agency of the Government employing a  
4 participant who elects under paragraph (1) of this subsection  
5 to contribute to the Fund shall deduct and withhold from the  
6 basic pay payable to the participant for any pay period the  
7 amount equal to the excess of--

8         “(A) the amount equal to 7 percent of such basic  
9 pay, over

10         “(B) the amount of the tax deducted and withheld  
11 from such pay for such period for the purposes of section  
12 3101(a) of the Internal Revenue Code of 1954 (relating to  
13 old-age, survivor, and disability insurance under the  
14 Social Security Act).

15     “(3) Amounts deducted and withheld under paragraph (2)  
16 of this subsection shall be deposited in the Treasury of the  
17 United States to the credit of the Fund under such procedures  
18 as the Comptroller General of the United States may  
19 prescribe.

20     “(4) Each participant who elects to contribute to the  
21 Fund under this subsection shall consent and agree to the  
22 deductions required by paragraph (2) of this subsection.  
23 Notwithstanding any other provision of law, payment less such  
24 deductions is a full and complete discharge and acquittance  
25 of all claims and demands for regular services performed

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1 during the period covered by the payment.

2       “(5) Section 8334(d) of this title shall apply to  
3 refunds of amounts deducted as required by paragraph (2) of  
4 this subsection.

5       “(6) A law enforcement officer, firefighter, air traffic  
6 controller, and military reserve technician may not make an  
7 election under paragraph (1) of this subsection.

8       “(d) Under regulations prescribed by the Office, the  
9 head of an agency may request reconsideration of the amount  
10 of the normal cost or the supplemental liability computed by  
11 the Office for such agency under subsection (a) or (b) of  
12 this section. Any such request shall be referred to the Board  
13 of Actuaries of the Civil Service Retirement System. The  
14 Board of Actuaries shall review the computations of the  
15 Office and, if considered appropriate by the Board of  
16 Actuaries, recompute such normal cost or such supplemental  
17 liability of such agency under this subsection. The  
18 determination of the Board of Actuaries shall be final.

19       “§ 8419. Funding of annuity attributable to military service

20       “(a) Except in the case of an individual making an  
21 election under section 8471(a)(1)(A) of this title, a  
22 participant's or former participant's service shall include  
23 credit for military service as provided in section 8332(c) of  
24 this title without regard to whether the participant or  
25 former participant has made a deposit covering such military

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1 service as provided in section 8334(j) of this title.

2       “(b) Before closing the accounts for a fiscal year, the  
3 Secretary of the Treasury shall reimburse the Fund for the  
4 normal cost relating to the creditable military service of  
5 employees and Members who became participants during such  
6 fiscal year, actuarially adjusted to the date of payment, as  
7 determined by the Office. Reimbursements shall be made under  
8 this subsection out of sums appropriated to the Department of  
9 Defense for the purpose of making such reimbursements.

10       “(c) At the end of each fiscal year the Office shall  
11 compute the amount of the reimbursement required by  
12 subsection (b) of this section for the fiscal year and shall  
13 notify the Secretary of the Treasury of that amount.

14       “§ 8420. Lump-sum benefits; designation of beneficiary;  
15                               order of precedence

16       “(a) Subject to subsection (h) of this section, a  
17 participant who--

18               “(1) has elected to make contributions to the Fund  
19               under section 8418(c) of this title;

20               “(2)(A) is separated from Government employment for  
21               at least 31 consecutive days; or

22               “(B) is transferred to a position in which he is not  
23               subject to this subchapter and remains in such a position  
24               for at least 31 consecutive days;

25               “(3) files an application with the Office for

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1 payment of the lump-sum credit;

2       “(4) is not reemployed in a position which he is  
3 subject to this subchapter at the time he files the  
4 application; and

5       “(5) will not become eligible to receive an annuity  
6 within 31 days after filing the application,  
7 is entitled to be paid the portion of the lump-sum credit  
8 attributable to the contributions referred to in paragraph  
9 (1) of this subsection and interest on such portion, computed  
10 as provided in subsection (1) of this section.

11       “(b) Under regulations prescribed by the Office, a  
12 present or former participant may designate a beneficiary or  
13 beneficiaries for the purpose of this subchapter.

14       “(c) Lump-sum benefits authorized by subsections (d)  
15 through (f) of this section shall be paid to the person or  
16 persons who survive the participant to whom such subsections  
17 apply and are alive at the date title to the payment arises.  
18 Entitlement to such payment shall be in the same order of  
19 precedence as is provided in section 8342(c) of this title.  
20 Payment under this subsection bars recovery by any other  
21 person.

22       “(d) If a participant or a former participant not  
23 retired dies--

24       “(1) without a survivor, or

25       “(2) with a survivor or survivors and the right of



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1 all survivors terminates before a claim for survivor  
2 annuity is filed,  
3 the portion of the lump-sum credit referred to in subsection  
4 (a) of this section and interest on such portion, computed as  
5 provided in subsection (1) of this section, shall be paid as  
6 provided in subsection (c) of this section.

7 "(e) If all annuity rights under this chapter based on  
8 the service of a deceased participant terminate before the  
9 total annuity paid equals the portion of the lump-sum credit  
10 referred to in subsection (a) of this section, the difference  
11 and interest on such difference, computed as provided in  
12 subsection (1) of this section, shall be paid as provided in  
13 subsection (c) of this section.

14 "(f) If an annuitant dies, annuity accrued and unpaid  
15 shall be paid as provided in subsection (c) of this section.

16 "(g) Annuity accrued and unpaid on the termination,  
17 except by death, of the annuity of an annuitant or survivor  
18 annuitant shall be paid to that individual. Annuity accrued  
19 and unpaid on the death of a survivor annuitant shall be paid  
20 in the same order of precedence as is provided in section  
21 8342(g) of this title, and the payment bars recovery by any  
22 other person.

23 "(h)(1) Payment of a portion of the lump-sum credit  
24 under subsection (a) of this section--

25 "(A) may be made only if any current spouse and any

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1 former spouse of the participant are notified of the  
2 participant's application; and

3 `` (B) in any case in which there is a former spouse,  
4 shall be subject to the terms of a court order or decree  
5 issued with respect to such former spouse if--

6 `` (1) the order or decree expressly relates to  
7 the portion of the lump-sum credit involved, and

8 `` (11) payment of such portion of the lump-sum  
9 credit would extinguish entitlement of the former  
10 spouse to a survivor annuity under section 8435 of  
11 this title or to any portion of an annuity under  
12 section 8467 of this title.

13 `` (2)(A) Notification of a spouse or former spouse under  
14 this subsection shall be made in accordance with such  
15 requirements as the Office shall by regulation prescribe.

16 `` (B) Under the regulations, the Office may provide that  
17 paragraph (1)(A) of this subsection may be waived with  
18 respect to a spouse or former spouse of a participant if the  
19 participant establishes to the satisfaction of the Office  
20 that the whereabouts of such spouse or former spouse cannot  
21 be determined.

22 `` (3) The Office shall prescribe regulations under which  
23 this subsection shall be applied in any case in which the  
24 Office receives two or more orders or decrees referred to in  
25 paragraph (1)(B) of this subsection.

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1       “(1) Interest on a portion of the lump-sum credit shall  
2 be computed as if the interest had accrued at the end of each  
3 year on the portion of the lump-sum credit in the Fund during  
4 such year and shall be compounded annually. The rate of  
5 interest for any year shall be the rate of interest computed  
6 for such year under section 8334(e)(3) of this title.

7       “(j) Payment of the portion of the lump-sum credit  
8 referred to in subsection (a) of this section in the case of  
9 a participant or former participant voids all rights under  
10 this chapter which result from an election to make  
11 contributions to the Fund under section 8418(c) of this  
12 title.

13               “SUBCHAPTER III--THRIFT SAVINGS PLAN

14       “§ 8421. Contributions

15       “(a)(1) On and after the date a participant makes an  
16 election to make contributions to the Fund under section  
17 8418(c) of this title or after the last date such an election  
18 may be made under such section in the case of a participant  
19 who does not make such election, the participant may  
20 contribute to the Thrift Savings Fund in any year an amount  
21 not exceeding 10 percent of the participant's annual rate of  
22 basic pay.

23       “(2) Each participant receiving disability benefits  
24 under subchapter V of this chapter may, until becoming 62  
25 years of age (in the case of a person who is disabled within

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1 the meaning of section 8441(4)(A) of this title) or until  
2 becoming 55 years of age (in the case of a person who is  
3 disabled within the meaning of section 8441(4)(B) of this  
4 title), contribute to the Thrift Savings Fund in any year an  
5 amount not exceeding 10 percent of the amount of the former  
6 participant's disability benefits payable under such  
7 subchapter during such year.

8     “(3)(A) Except as provided in subparagraph (B) of this  
9 paragraph, notwithstanding the limitations specified in  
10 paragraphs (1) and (2) of this subsection, if, in any period  
11 for which a participant is entitled to contribute to the  
12 Thrift Savings Fund, the participant contributes less than  
13 the maximum amount authorized by paragraph (1) or (2) of this  
14 subsection (as applicable), the participant may contribute in  
15 a later period for which the participant is entitled to  
16 contribute to such fund the amount equal to the excess of  
17 such maximum amount authorized for the earlier period over  
18 the amount contributed during the earlier period.

19     “(B) The total amount contributed under subparagraph (A)  
20 of this paragraph and paragraph (1) or (2) of this subsection  
21 in any period may not exceed the amount equal to 15 percent  
22 of the periodic equivalent of the participant's annual rate  
23 of basic pay for such period.

24     “(4) Any contribution under this subsection shall be  
25 made only pursuant to a program of regular contributions

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1 under regulations prescribed by the Executive Director.

2 `` (5) At least once each year, a participant may modify  
3 the amount contributed pursuant to paragraph (1) or (2) of  
4 this subsection, as the case may be, under regulations  
5 prescribed by the Executive Director.

6 `` (b)(1) The employing agency of a participant who  
7 contributes to the Thrift Savings Fund under subsection (a)  
8 of this section for any pay period, or, in the case of a  
9 disabled participant who contributes to such fund under such  
10 subsection for any disability benefits payment period, the  
11 employing agency of the participant on the date the  
12 participant became disabled (as defined in section 8441(4) of  
13 this title), shall make a contribution to the Thrift Savings  
14 Fund for the benefit of such participant or disabled  
15 participant. The employing agency's contribution shall be  
16 made at the end of such period.

17 `` (2)(A) Except as provided in subparagraph (B) of this  
18 paragraph, the amount contributed under paragraph (1) of this  
19 subsection by an employing agency with respect to a  
20 contribution of a participant during any period shall be the  
21 amount equal to such portion of the amount of the  
22 participant's contribution as (i) does not exceed 5 percent  
23 of the amount of the gross pay or gross disability benefits,  
24 as the case may be, which is payable for such period, and  
25 (ii) is not contributed under subsection (a)(3) of this

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1 section.

2       “(B) In the case of a participant who has made an  
3 election to make contributions under section 8418(c) of this  
4 title and has not received a refund of such contributions  
5 under section 8420 of this title, the amount contributed  
6 under paragraph (1) of this subsection by an employing agency  
7 with respect to a contribution of a participant under  
8 subsection (a) of this section during any period shall be the  
9 amount equal to the sum of--

10           “(1) such portion of the total amount of the  
11 participant's contribution as does not exceed 1 percent  
12 of the amount of the gross pay or gross disability  
13 benefits, as the case may be, payable for such period,

14           “(2) one-half of such portion of the amount of the  
15 participant's contribution as exceeds 1 percent but does  
16 not exceed 3 percent of the gross pay or gross disability  
17 benefits, as the case may be, payable for such period,  
18 and

19           “(3) one-fourth of such portion of the amount of the  
20 participant's contribution as exceeds 3 percent but does  
21 not exceed 6 percent of the gross pay or gross disability  
22 benefits, as the case may be, payable for such period,  
23 without regard to any amount contributed by the participant  
24 under subsection (a)(3) of this section.

25       “(c) The sums required to be contributed to the Thrift

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1 Savings Fund by an employing agency under subsection (b) of  
2 this section for the benefit of a participant shall be paid  
3 from the appropriations or funds available to such agency to  
4 pay the basic pay of participants or, in the case of an  
5 elected participant, from an appropriation or fund available  
6 for payment of other salaries of the participant's office or  
7 establishment. In the case of a participant in the  
8 legislative branch who is paid by the Clerk of the House of  
9 Representatives, contributions for the benefit of such  
10 participant shall be paid from the contingent fund of the  
11 House of Representatives.

12     “(d)(1) For purposes of the Internal Revenue Code of  
13 1954--

14         “(A) the amount of any--

15             “(i) participant contribution, or

16             “(ii) employing agency's matching contribution,  
17 to the Thrift Savings Fund shall not be included in the  
18 gross income of the participant in the taxable year in  
19 which such contributions are made, and

20         “(B) the determination of when, and in what manner,  
21 such contributions and any income allocable to such  
22 contributions are included in the gross income of such  
23 participant shall be made in the same manner as if the  
24 Thrift Savings Fund were a trust which met the  
25 requirements of section 401(a) of such Code.

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1       “(2) Paragraph (1) shall not apply to any participant  
2 contribution described in paragraph (1)(A)(i) in any taxable  
3 year with respect to which section 402(a)(8) of such Code  
4 does not apply to contributions made to any qualified cash or  
5 deferred arrangement (within the meaning of section 401(k) of  
6 such Code).

7       “(e) Subsection (d)(1) of this section shall not be  
8 construed to provide that any amount of the participant's pay  
9 which is contributed to the Thrift Savings Fund shall not be  
10 included in the term 'wages' for purposes of section 209 of  
11 the Social Security Act or section 3121(a) of the Internal  
12 Revenue Code of 1954.

13       “§ 8422. Vesting

14       “(a)(1) A participant who separates from Government  
15 employment shall be entitled to an amount equal to--

16               “(A) the total amount of the contributions made  
17               under section 8421(a) of this title plus the total amount  
18               of the net earnings in the Thrift Savings Fund, or minus  
19               the total amount of the net losses, attributable to such  
20               contributions; and

21               “(B) the applicable percentage of the amount equal  
22               to the total amount contributed to the Thrift Savings  
23               Fund for the benefit of the participant under section  
24               8421(b) of this title plus the total amount of the net  
25               earnings in the Thrift Savings Fund, or minus the total



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1 amount of the net losses, attributable to such  
2 contributions, as provided in subsection (b) of this  
3 section.

4 `` (2) The amount to which a participant is entitled under  
5 paragraph (1) of this subsection shall be payable in  
6 accordance with the election made by the participant pursuant  
7 to section 8423 of this title.

8 `` (b)(1) For the purpose of subsection (a)(1)(B) of this  
9 section, except as provided in paragraph (2) of this  
10 subsection, the applicable percentage for a participant  
11 separating from Government employment after having been a  
12 participant in the System for a period set forth under column  
13 I of the table below is the percentage set forth under column  
14 II of the table below opposite the description of such  
15 period:

`` Column I

Column II

Period for which the participant has been a participant in the System:	Applicable percentage:
Less than 1 year . . . . .	0
Not less than 1 year, but less than 2 years . . . . .	20
Not less than 2 years, but less than 3 years . . . . .	40
Not less than 3 years, but less than 4 years . . . . .	60
Not less than 4 years, but less than 5 years . . . . .	80
Not less than 5 years . . . . .	100.

16 `` (2) For the purposes of subsection (a)(1)(B) of this  
17 section--

18 `` (A) the percentage applicable in the case of any  
19 participant who dies while employed by the Government

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1 shall be 100 percent; and

2       “(B) in the case of a participant making  
3 contributions under section 8421(a)(2) of this title, the  
4 period for which the person has been a participant in the  
5 System shall include periods for which such contributions  
6 were made.

7       “(c) When an election is made by a participant under  
8 section 8423(c) of this title, the amount equal to the excess  
9 of--

10       “(1) the sum of--

11           “(A) the amounts contributed to the Thrift  
12 Savings Fund with respect to the participant under  
13 section 8421 of this title; and

14           “(B) the net earnings in the Thrift Savings Fund  
15 attributable to such contributions, over

16       “(2) the amount in the Thrift Savings Fund paid or  
17 reserved for payment to or with respect to the  
18 participant pursuant to section 8423(c) of this title,  
19 shall be available for the year in which the election is made  
20 to pay the administrative expenses incurred during such year  
21 under the Federal Retirement Thrift Investment Management  
22 System prescribed in subchapter VIII of this chapter. Any  
23 portion of the amount which is available for such purpose  
24 under this subsection in any year and is not obligated or  
25 expended before the end of such year shall be transferred to

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1 the Treasury of the United States for credit to Miscellaneous  
2 Receipts.

3 ``§ 8423. Entitlement and elections relating to entitlement

4 `` (a)(1) Any participant who separates from Government  
5 employment entitled to an immediate annuity under section  
6 8411 of this title, any participant who separates from  
7 Government employment entitled to benefits under subchapter I  
8 of chapter 81 of this title, and, subject to paragraph (2) of  
9 this subsection, any participant who is entitled to receive  
10 disability benefits under subchapter V of this chapter is  
11 entitled and may elect--

12 `` (A) to receive an immediate annuity from the Thrift  
13 Savings Fund;

14 `` (B) to defer the commencement of the payment of an  
15 annuity from the Thrift Savings Fund until such date as  
16 the participant specifies;

17 `` (C) to withdraw, in one or more payments, the  
18 amount of the balance credited to the participant's  
19 account in the Thrift Savings Fund; or

20 `` (D) to transfer the amount of the balance in the  
21 account to an individual retirement account or other  
22 qualified plan (within the meaning of the Internal  
23 Revenue Code of 1954) of the participant.

24 `` (2) An election may be made by a disabled participant  
25 under paragraph (1) of this subsection only within one year

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1 after the date the participant is determined to be disabled  
2 for the purposes of subchapter V of this chapter. The  
3 election is irrevocable.

4 "(b) Any participant who separates from Government  
5 employment entitled to a deferred annuity under section 8412  
6 of this title is entitled and may elect--

7 "(1) to receive an annuity from the Thrift Savings  
8 Fund to commence on the first date the participant is  
9 entitled to receive the deferred annuity;

10 "(2) to defer the commencement of the payment of an  
11 annuity from the Thrift Savings Fund until a date after  
12 the first date the participant is entitled to receive the  
13 deferred annuity, as specified by the participant;

14 "(3) to withdraw in one or more payments, on or  
15 after the first date the participant is entitled to  
16 receive the deferred annuity, the amount of the balance  
17 credited to the participant's account in the Thrift  
18 Savings Fund; or

19 "(4) to transfer the amount of the balance in the  
20 account to an individual retirement account or other  
21 qualified plan (within the meaning of the Internal  
22 Revenue Code of 1954) of the participant.

23 "(c) Any participant who separates from Government  
24 employment before becoming entitled to an annuity under  
25 section 8411 or 8412 of this title is entitled and may



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1 (1) of this subsection shall include, but not be limited to--

2       “(A) a method which provides for the payment of a  
3 monthly annuity only to an annuitant during the life of  
4 the annuitant;

5       “(B) a method which provides for the payment of a  
6 monthly annuity to an annuitant for the joint lives of  
7 the annuitant and the spouse of the annuitant and an  
8 appropriate monthly annuity to the one of them who  
9 survives the other of them for the life of the survivor;

10       “(C) a method described in subparagraph (A) of this  
11 paragraph which provides annual increases in the amount  
12 of the annuity payable;

13       “(D) a method described in subparagraph (B) of this  
14 paragraph which provides annual increases in the amount  
15 of the annuity payable; and

16       “(E) a method providing for the payment of a monthly  
17 annuity--

18           “(i) to the annuitant for the joint lives of the  
19 annuitant and an individual, designated by the  
20 annuitant under regulations prescribed by the  
21 Executive Director, who has an insurable interest in  
22 the annuitant; and

23           “(ii) to the one of them who survives the other  
24 of them for the life of the survivor.

25       “(b) Subject to subsection (c) of this section, under

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1 such regulations as the Executive Director shall prescribe,  
2 an annuitant electing under section 8423 of this title to  
3 receive an annuity from the Thrift Savings Fund shall elect,  
4 on or before the date on which the annuitant's annuity under  
5 this subchapter commences, one of the methods of payment  
6 prescribed by the Board under subsection (a) of this section.

7     “(c) The amount of an annuity payable under this  
8 subchapter pursuant to the method elected under subsection  
9 (b) of this section shall be determined on an actuarial basis  
10 under regulations prescribed by the Executive Director.

11     “§ 8425. Administrative provisions relating to payments and  
12             elections

13     “(a) The Executive Director shall make or provide for  
14 payments and transfers in accordance with an election of a  
15 participant under section 8423 or 8424(b) of this title.

16     “(b) Any election under section 8423 or 8424(b) of this  
17 title shall be in writing and shall be filed with the  
18 Executive Director in accordance with regulations prescribed  
19 by the Executive Director.

20     “(c) Notwithstanding any other provision of this  
21 section, an election or modification of an election under any  
22 provision of this subchapter shall not be effective if the  
23 election or modification would result in a violation of the  
24 terms of an applicable court decree of divorce, annulment, or  
25 legal separation, or the terms of any court order or court-

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1 approved property settlement agreement incident to a court  
2 decree of divorce, annulment, or legal separation, as  
3 determined by the Executive Director.

4 ``§ 8426. Thrift Savings Fund

5 `` (a) There is established in the Treasury of the United  
6 States a Thrift Savings Fund.

7 `` (b) The Thrift Savings Fund consists of the sum of all  
8 amounts contributed under section 8421 of this title and all  
9 amounts deposited under section 8499(b) of this title,  
10 increased by the total net earnings from investments of sums  
11 in the Thrift Savings Fund or reduced by the total net losses  
12 from investments of the Thrift Savings Fund, and reduced by  
13 the total amount of payments made from the Thrift Savings  
14 Fund.

15 `` (c) The sums in the Thrift Savings Fund are  
16 appropriated and shall remain available without fiscal year  
17 limitation--

18 `` (1) to invest under section 8427 of this title;

19 `` (2) to pay benefits under this subchapter;

20 `` (3) to pay the administrative expenses of the  
21 Federal Retirement Thrift Investment Management System  
22 prescribed in subchapter VIII of this chapter;

23 `` (4) to make loans to participants as authorized  
24 under subsection (e) of this section; and

25 `` (5) to purchase insurance as provided in section



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1 8499(b)(2) of this title.

2 "(d)(1) Except as provided in paragraph (2) of this  
3 subsection or section 8465(b) or 8467 of this title, and  
4 except as otherwise provided in a Federal law, sums in the  
5 Thrift Savings Fund may not be assigned or alienated and are  
6 not subject to execution, levy, attachment, garnishment, or  
7 other legal process. For purposes of this paragraph, a loan  
8 made from such fund to a participant shall not be considered  
9 to be an assignment or alienation.

10 "(2) Moneys due or payable from the Thrift Savings Fund  
11 to any individual and, in the case of an individual who is a  
12 participant, moneys which the individual would be entitled to  
13 receive under section 8422 of this title upon separation from  
14 Government employment shall be subject to legal process for  
15 the enforcement of the individual's legal obligations to  
16 provide child support or make alimony payments as provided in  
17 section 459 of the Social Security Act (42 U.S.C. 659) or to  
18 pay any indebtedness of the individual to the United States.

19 "(e)(1) The Board shall establish a program to make  
20 loans from the Thrift Savings Fund to a participant in case  
21 of financial hardship. The program shall be subject to the  
22 same conditions as are prescribed in section 408(b)(1) of the  
23 Employee Retirement Income Security Act of 1974 (29 U.S.C.  
24 1108(b)(1)).

25 "(2) The Executive Director shall prescribe regulations

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1 to carry out such program.

2     “(3) Any loan made to a participant under such program  
3 shall be made only out of sums contributed to the Thrift  
4 Savings Fund by the participant and net earnings attributable  
5 to such sums.

6     “(f) The sums in the Thrift Savings Fund shall not be  
7 appropriated and may not be used for any purpose other than  
8 the purposes specified in this section.

9     “§ 8427. Investment of Thrift Savings Fund

10     “(a) For the purposes of this section--

11         “(1) the term ‘Common Stock Index Investment Fund’  
12 means the Common Stock Investment Fund established under  
13 subsection (b)(1)(C) of this section;

14         “(2) the term ‘equity capital’ means common and  
15 preferred stock, surplus, undivided profits, contingency  
16 reserves, and other capital reserves;

17         “(3) the term ‘Fixed Income Investment Fund’ means  
18 the Fixed Income Investment Fund established under  
19 subsection (b)(1)(B) of this section;

20         “(4) the term ‘Government Securities Investment  
21 Fund’ means the Government Securities Investment Fund  
22 established under subsection (b)(1)(A) of this section;

23         “(5) the term ‘net worth’ means capital, paid-in and  
24 contributed surplus, unassigned surplus, contingency  
25 reserves, group contingency reserves, and special

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1 reserves;

2       “(6) the term ‘plan’ means an employee benefit plan,  
3 as defined in section 3(3) of the Employee Retirement  
4 Income Security Act of 1974 (29 U.S.C. 1002(3));

5       “(7) the term ‘qualified professional asset manager’  
6 means--

7       “(A) a bank, as defined in section 202(a)(2) of  
8 the Investment Advisers Act of 1940 (15 U.S.C. 80b-  
9 2(a)(2)) which--

10       “(1) has the power to manage, acquire, or  
11 dispose of assets of a plan; and

12       “(11) has, as of the last day of its latest  
13 fiscal year ending before the date of a  
14 determination for the purpose of this clause,  
15 equity capital in excess of \$1,000,000;

16       “(B) a savings and loan association, the  
17 accounts of which are insured by the Federal Savings  
18 and Loan Insurance Corporation, which--

19       “(1) has applied for and been granted trust  
20 powers to manage, acquire, or dispose of assets  
21 of a plan by a State or Government authority  
22 having supervision over savings and loan  
23 associations; and

24       “(11) has, as of the last day of its latest  
25 fiscal year ending before the date of a

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1 determination for the purpose of this clause,  
2 equity capital or net worth in excess of  
3 \$1,000,000;

4 ``(C) an insurance company which--

5 ``(i) is qualified under the laws of more  
6 than one State to manage, acquire, or dispose of  
7 any assets of a plan;

8 ``(ii) has, as of the last day of its latest  
9 fiscal year ending before the date of a  
10 determination for the purpose of this clause, net  
11 worth in excess of \$1,000,000; and

12 ``(iii) is subject to supervision and  
13 examination by a State authority having  
14 supervision over insurance companies; or

15 ``(D) an investment adviser registered under  
16 section 203 of the Investment Advisers Act of 1940  
17 (15 U.S.C. 80b-3) if the investment adviser has, on  
18 the the last day of its latest fiscal year ending  
19 before the date of a determination for the purpose of  
20 this subparagraph, total client assets under its  
21 management and control in excess of \$50,000,000,  
22 and--

23 ``(1) the investment adviser has, on such  
24 day, shareholder's or partner's equity in excess  
25 of \$750,000; or

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1           “(ii) payment of all of the investment  
2           adviser’s liabilities, including any liabilities  
3           which may arise by reason of a breach or  
4           violation of a duty described in section 8497 of  
5           this title, is unconditionally guaranteed by--

6           “(I) a person who directly or  
7           indirectly, through one or more  
8           intermediaries, controls, is controlled by,  
9           or is under common control with the  
10          investment adviser and who has, on the last  
11          day of the person’s latest fiscal year ending  
12          before the date of a determination for the  
13          purpose of this clause, shareholder’s or  
14          partner’s equity in an amount which, when  
15          added to the amount of the shareholder’s or  
16          partner’s equity of the investment adviser on  
17          such day, exceeds \$750,000;

18          “(II) a qualified professional asset  
19          manager described in subparagraph (A), (B),  
20          or (C) of this paragraph; or

21          “(III) a broker or dealer registered  
22          under section 15 of the Securities Exchange  
23          Act of 1934 (15 U.S.C. 78o) that has, on the  
24          last day of the broker’s or dealer’s latest  
25          fiscal year ending before the date of a

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1 determination for the purpose of this clause,  
2 net worth in excess of \$750,000; and

3 `` (8) the term 'shareholder's or partner's equity',  
4 when used in paragraph (7)(D) of this subsection with  
5 respect to an investment adviser or a person who is  
6 affiliated with the investment adviser in a manner  
7 described in clause (ii)(I) of such paragraph (7)(D),  
8 means the equity shown in the most recent balance sheet  
9 prepared for such investment adviser or affiliated  
10 person, in accordance with generally accepted accounting  
11 principles, within 2 years before the date on which the  
12 investment adviser's status as a qualified professional  
13 asset manager is determined for the purposes of this  
14 section.

15 `` (b)(1) The Board shall establish--

16 `` (A) a Government Securities Investment Fund under  
17 which sums in the Thrift Savings Fund are invested in  
18 securities of the United States Government issued as  
19 provided in subsection (f) of this section;

20 `` (B) a Fixed Income Investment Fund under which sums  
21 in the Thrift Savings Fund are invested in insurance  
22 contracts, certificates of deposits, or other instruments  
23 or obligations which (i) are selected by qualified  
24 professional asset managers, and (ii) return the amount  
25 invested and pay interest, at a specified rate or rates,

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1 on that amount during a specified period of time;

2 `` (C) a Common Stock Index Investment Fund as  
3 provided in paragraph (2) of this subsection; and

4 `` (D) such other investment funds as the Board  
5 determines to be appropriate for the purposes of this  
6 subchapter.

7 `` (2)(A) The Board shall define an index which--

8 `` (i) consists of (I) all of the common stocks that  
9 are publicly listed and traded on one or more national  
10 securities exchanges, and (II) over-the-counter  
11 securities quoted publicly on the National Association of  
12 Securities Dealers Automated Quotations system or on  
13 another automated basis, or

14 `` (ii) is a commonly recognized index comprised of  
15 common stock the aggregate market value of which is as  
16 complete a representation of the United States equity  
17 markets as is reasonably practicable.

18 `` (B) Except as provided in subparagraph (C) of this  
19 paragraph, the Common Stock Index Investment Fund shall be  
20 invested in a portfolio designed to replicate the performance  
21 of the index defined under subparagraph (A) of this  
22 paragraph. The portfolio shall be designed such that--

23 `` (1) to the extent practicable, the percentage of  
24 the Common Stock Index Investment Fund that is invested  
25 in each stock is the same as the percentage determined by

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1 dividing the aggregate market value of all shares of that  
2 stock by the aggregate market value of all shares of all  
3 stock included in such index, or

4 "(ii) a sampling of stocks included in the index is  
5 used in the construction of an index fund that minimizes  
6 differences between the net portfolio return and the  
7 total index return.

8 "(C) The Executive Director may exclude certain stocks  
9 from the Common Stock Index Investment Fund and from the  
10 index defined in accordance with subparagraph (A) of this  
11 paragraph upon the recommendation of the Employee Advisory  
12 Committee, notwithstanding the standards for investment  
13 decisionmaking set out in section 8495 of this title.

14 "(c)(1) The Executive Director shall invest in the  
15 Government Securities Investment Fund the sums which are in  
16 the Thrift Savings Fund, are available for investment, and  
17 are not to be invested in an investment fund referred to in  
18 subsection (b)(1)(B), (b)(1)(C), or (b)(1)(D) of this section  
19 pursuant to an election made under subsection (d) of this  
20 section.

21 "(2) Except as provided in subsection (e) of this  
22 section, the Executive Director shall invest sums available  
23 in the Thrift Savings Fund for investment as provided in  
24 elections made under subsection (d) of this section.

25 "(d)(1) Except as provided in subsection (e) of this



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1 section, at least once each year, a participant or former  
2 participant may elect the investment funds referred to in  
3 subsection (b) of this section into which the sums in the  
4 Thrift Savings Fund credited to the account of such  
5 participant or former participant are to be invested or  
6 reinvested.

7     “(2) The election may be made by a participant or former  
8 participant under paragraph (1) of this subsection only in  
9 accordance with regulations prescribed by the Executive  
10 Director and within such period after the date the  
11 participant's or former participant's annual statement is  
12 transmitted to the participant or former participant pursuant  
13 to section 8428(b) of this title as the Executive Director  
14 shall prescribe in such regulations.

15     “(3) Each participant who elects to invest in the Common  
16 Stock Index Investment Fund or the Fixed Income Investment  
17 Fund shall sign an acknowledgement prescribed by the  
18 Executive Director which states that the participant  
19 understands that an investment in such fund is made at the  
20 participant's risk, that the participant is not protected by  
21 the Federal Government against loss on such investment, and  
22 that a return on such investment is not guaranteed by the  
23 Federal Government.

24     “(e)(1)(A) The Executive Director shall invest a  
25 percentage of the total amount that--

26     “(i) is contributed to the Thrift Savings Fund by a

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1 participant under section 8421(a) of this title during a  
 2 year described under column I of the first table of  
 3 minimum Government securities investments set out in  
 4 subparagraph (B) of this paragraph, and

5 "(11) is available for investment,  
 6 in the Government Securities Investment Fund as provided  
 7 under column II of the table opposite the description of such  
 8 year.

9 "(B) For the purposes of subparagraph (A) of this  
 10 paragraph, the first table of minimum Government securities  
 11 investments is as follows:

<u>Column I</u>	<u>Column II</u>
Year:	Minimum percentage of the amounts contributed by a participant for each month of such year to be invested in the Government Securities Investment Fund:
1987	100
1988	80
1989	60
1990	40
1991	20.

12 "(2)(A) The Executive Director shall invest a percentage  
 13 of the total amount that--

14 "(1) is contributed to the Thrift Savings Fund by  
 15 the Government for the benefit of a participant pursuant  
 16 to section 8421(b) of this title during a year described  
 17 under column I of the second table of minimum Government

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1 securities investments set out in subparagraph (B) of  
 2 this paragraph, and  
 3 `` (ii) is available for investment,  
 4 in the Government Securities Investment Fund as provided  
 5 under column II of the table opposite the description of such  
 6 year.

7 `` (B) For the purposes of subparagraph (A) of this  
 8 paragraph, the second table of minimum Government securities  
 9 investments is as follows:

<u>Column I</u>	<u>Column II</u>
Year:	Minimum percentage of the amounts contributed for the benefit of a participant for each month of such year to be invested in the Government Securities Investment Fund:
1987-1992	100
1993	80
1994	60
1995	40
1996	20

10 `` (3) All sums credited to the Thrift Savings Fund  
 11 pursuant to section 8473(b) of this title shall be invested  
 12 in the Government Securities Investment Fund.

13 `` (4) The sums which are invested in the Government  
 14 Securities Investment Fund as required by this subsection and  
 15 are returned to the Thrift Savings Fund after maturity of the  
 16 securities purchased with such sums, and the amounts earned  
 17 on the investment of such sums, shall be reinvested in the

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1 Government Securities Investment Fund.

2     “(f) The Secretary of the Treasury is authorized to  
3 issue special interest-bearing obligations of the United  
4 States for purchase by the Thrift Savings Fund. Obligations  
5 issued for the purpose of this subsection shall have  
6 maturities fixed with due regard to the needs of such fund as  
7 determined by the Executive Director, and shall bear interest  
8 at a rate equal to the average market yield (computed by the  
9 Secretary of the Treasury on the basis of market quotations  
10 as of the end of the calendar month next preceding the date  
11 of issue of such obligations) on all marketable interest-  
12 bearing obligations of the United States then forming a part  
13 of the public debt which are not due or callable until after  
14 the expiration of 4 years from the end of such calendar  
15 month. Any such average market yield which is not a multiple  
16 of one-eighth of 1 percent, shall be rounded to the nearest  
17 multiple of one-eighth of 1 percent.

18     “§ 8428. Accounting

19     “(a)(1) The Executive Director shall establish and  
20 maintain an account for each participant making contributions  
21 under section 8421(a) of this title.

22     “(2) The balance in the account of a participant or  
23 former participant at any time is the excess of--

24         “(A) the sum of--

25             “(1) all contributions made to the Thrift

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1 Savings Fund by the participant or former participant  
2 under section 8421(a) of this title;

3 `` (ii) all contributions made to such fund for  
4 the benefit of the participant or former participant  
5 under section 8421(b) of this title;

6 `` (iii) the amounts transferred to such fund with  
7 respect to the participant or former participant  
8 under section 8473(b) of this title; and

9 `` (iv) the total amount of the allocations made  
10 to and reductions made in the account pursuant to  
11 paragraph (3) of this section, over

12 `` (B) the amounts paid out of the Thrift Savings Fund  
13 with respect to such participant or former participant  
14 under this subchapter and subchapter IV of this title.

15 `` (3) Pursuant to regulations prescribed by the Executive  
16 Director, the Executive Director shall allocate to the  
17 account of each participant or former participant an amount  
18 equal to a pro rata share of the net earnings and net losses  
19 from each investment of sums in the Thrift Savings Fund  
20 attributable to sums credited to the account of such  
21 participant, reduced by an appropriate share of the  
22 administrative expenses of the Federal Retirement Thrift  
23 Investment Management System prescribed in subchapter VIII of  
24 this chapter, as determined by the Executive Director.

25 `` (b) The Executive Director shall provide each

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1 participant and former participant an annual statement of the  
2 balance in the participant's or former participant's account.

3     “(c)(1) For the purposes of this subsection, the term  
4 ‘qualified public accountant’ shall have the same meaning as  
5 provided in section 103(a)(3)(D) of the Employee Retirement  
6 Income Security Act of 1974 (29 U.S.C. 1024(a)(3)(D)).

7     “(2) The Executive Director shall annually engage, on  
8 behalf of all participants, an independent qualified public  
9 accountant, who shall conduct an examination of any accounts  
10 established under subsection (a) of this section and of other  
11 books and records maintained in the administration of this  
12 subchapter as the accountant considers necessary to enable  
13 the accountant to make the determination required by  
14 paragraph (3) of this subsection. The examination shall be  
15 conducted in accordance with generally accepted auditing  
16 standards and shall involve such tests of the accounts,  
17 books, and records as the independent qualified public  
18 accountant considers necessary.

19     “(3) The independent qualified public accountant  
20 conducting an examination under paragraph (2) of this  
21 subsection shall determine whether the accounts, books, and  
22 records referred to in such paragraph have been maintained in  
23 conformity with generally accepted accounting principles  
24 applied on a basis consistent with the application of such  
25 principles during the examination conducted under such

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1 paragraph during the preceding year. The accountant shall  
2 transmit to the Board and the Comptroller General of the  
3 United States a report on his examination, including his  
4 determination under this paragraph.

5       “(4) In making a determination under paragraph (3) of  
6 this subsection, the accountant may rely on the correctness  
7 of any actuarial matter certified by an enrolled actuary, if  
8 the accountant states his reliance in the report transmitted  
9 to the Board under such paragraph.

10               “SUBCHAPTER IV--SURVIVOR BENEFITS

11       “§ 8431. Basic plan spousal benefits relating to the death  
12               of a participant or former participant other  
13               than an annuitant

14       “(a)(1) If a participant dies after performing 18 or  
15 more months of service and before separating from Government  
16 employment, the surviving spouse of a deceased participant  
17 shall be entitled to a survivor annuity payable out of the  
18 Fund.

19       “(2)(A) The amount of the survivor annuity which is  
20 payable under paragraph (1) of this subsection to the  
21 surviving spouse of a deceased participant other than a  
22 participant referred to in paragraph (3) of this subsection  
23 shall be equal to 50 percent of the reduced annuity which the  
24 participant would have been entitled to receive if the  
25 participant had retired from Government employment on the day

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1 before the date of death, computed as provided in  
2 subparagraph (B) of this paragraph.

3     “(B) For the purposes of subparagraph (A) of this  
4 paragraph, the reduced annuity of a deceased participant  
5 shall be the greater of--

6         “(1) the annuity computed with respect to the  
7 deceased participant under sections 8413 and 8414  
8 (without regard to section 8415) of this title, or

9         “(11) 65 percent of the annuity computed with  
10 respect to the deceased participant under section 8413  
11 (without regard to sections 8414 and 8415) of this title.

12     “(3) The amount of the survivor annuity which is payable  
13 under paragraph (1) of this subsection to the surviving  
14 spouse of a deceased participant who elected to make  
15 contributions under section 8418(c) of this title and has not  
16 received a refund of such contributions under section 8420 of  
17 this title shall be equal to 50 percent of the annuity which  
18 the participant would have been entitled to receive if the  
19 participant had retired from Government employment on the day  
20 before the date of death, computed as provided in section  
21 8413 of this title without regard to sections 8414 and 8415  
22 of this title and any election under section 8417(a) of this  
23 title.

24     “(b)(1) If a former participant dies entitled to a  
25 deferred annuity under section 8412 of this title before



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1 payment of an annuity under subchapter II of this chapter to  
2 the former participant commences, the surviving spouse of the  
3 deceased former participant is entitled to a survivor annuity  
4 payable out of the Fund.

5     “(2)(A) The amount of the survivor annuity payable under  
6 paragraph (1) of this subsection to the surviving spouse of a  
7 deceased former participant shall be equal to 50 percent of  
8 the annuity which the deceased former participant would have  
9 been entitled to receive under such section if the deceased  
10 former participant--

11         “(i) had been 55 years of age on the day before the  
12 date of death, or

13         “(ii) in the case of a former participant who was 55  
14 years of age or older on such day and was not receiving  
15 such annuity, had commenced to receive such deferred  
16 annuity on such day,  
17 computed as provided in subparagraph (B) or (C) of this  
18 paragraph, as applicable.

19     “(B) For the purposes of subparagraph (A) of this  
20 paragraph, the annuity which a deceased former participant  
21 other than a participant described in subparagraph (C) of  
22 this paragraph would have been entitled to receive shall be  
23 equal the greater of--

24         “(i) the annuity computed with respect to the  
25 deceased former participant under sections 8413 and 8414

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1 (without regard to section 8415) of this title, or  
2 (ii) 65 percent of the annuity computed with  
3 respect to the deceased former participant under section  
4 8413 (without regard to sections 8414 and 8415) of this  
5 title.

6 (C) For the purposes of subparagraph (A) of this  
7 paragraph, the annuity which a deceased former participant  
8 would have been entitled to receive in the case of a deceased  
9 former participant who elected to make contributions under  
10 section 8418(c) of this title and has not received a refund  
11 of such contributions under section 8420 of this title shall  
12 be computed under section 8413 of this title without regard  
13 to sections 8414 and 8415 of this title and any election  
14 under section 8417(a) of this title.

15 (c) For the purpose of computing a survivor annuity  
16 under subsection (a) or (b) of this section, a deceased  
17 participant or former participant who died before completing  
18 10 years of service shall be deemed to have completed 10  
19 years of service.

20 § 8432. Basic plan spousal and insurable interest benefits  
21 relating to the death of an annuitant

22 A survivor annuity shall be paid out of the Fund with  
23 respect to a deceased annuitant--

24 (1) in accordance with the method of payment  
25 elected by the annuitant under section 8416 of this

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1 title;

2 "(2) as provided in subsection (b)(3) of such  
3 section; or

4 "(3) in accordance with an election made by the  
5 annuitant under section 8434(a) or 8436(c) of this title.

6 "§ 8433. Survivor benefits under the thrift savings plan

7 "(a) A survivor annuity shall be paid out of the Thrift  
8 Savings Fund with respect to a deceased annuitant as provided  
9 under a method of payment of annuities elected by the  
10 annuitant under section 8424(b) of this title or in

11 accordance with an election made by the annuitant under  
12 section 8434(a) or 8436(c) of this title. The amount of the  
13 survivor annuity shall be determined on an actuarial basis  
14 under regulations prescribed by the Executive Director.

15 "(b)(1) Except as provided in subsection (d) of this  
16 section, the amount in the account established and maintained  
17 for a deceased participant or deceased former participant  
18 (other than a deceased annuitant) pursuant to section 8428(a)  
19 of this title, determined on the date of an election under  
20 subsection (c) of this section, shall, subject to the limits  
21 of the entitlement set out in section 8422(a)(1) of this  
22 title (without regard to section 8422(a)(2) of this title),  
23 be paid as provided in paragraph (2) of this subsection.

24 "(2)(A) Except as provided in subparagraph (B) of this  
25 paragraph, payment under paragraph (1) of this subsection

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1 shall be made to the surviving spouse of the deceased  
2 participant or former participant pursuant to the method  
3 elected under subsection (c) of this section.

4     “(B) If a deceased participant or former participant  
5 referred to in paragraph (1) of this subsection is not  
6 survived by a spouse, payment under such paragraph shall be  
7 made to--

8         “(1) any individual who has an insurable interest in  
9 the participant or former participant and has been  
10 designated by the participant for the purpose of such  
11 paragraph under regulations prescribed by the Executive  
12 Director; or

13         “(11) if the deceased participant or former  
14 participant did not make a designation as provided in  
15 clause (1) of this subparagraph, to the estate of the  
16 deceased participant or former participant.

17     “(c) A surviving spouse or another individual who is  
18 entitled to payment of benefits under subsection (b) of this  
19 section may elect--

20         “(1) to receive an annuity from the Fund payable  
21 monthly for life;

22         “(2) to transfer the amount referred to in such  
23 subsection to an individual retirement account (within  
24 the meaning of the Internal Revenue Code of 1954) of the  
25 surviving spouse; or

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1            “(3) to withdraw such amount in one or more  
2            payments.

3            “(d) Any amount required for the payment of a survivor  
4 annuity with respect to a deceased participant or deceased  
5 former participant out of the Thrift Savings Fund pursuant to  
6 section 8435 of this title shall be deducted and withheld  
7 from a distribution made with respect to the deceased  
8 participant or deceased former participant pursuant to  
9 subsection (b) of this section. The amount deducted and  
10 withheld shall be maintained in the Thrift Savings Fund until  
11 expended in payment of the survivor annuity or until the  
12 survivor annuity terminates. Any sums remaining from the  
13 amount deducted and withheld after the termination of the  
14 survivor annuity, plus net earnings realized from investment  
15 of such amount, shall be distributed as provided in  
16 subsection (b) of this section, as the case may be.

17    “§ 8434. Basic and thrift savings plan survivor benefits  
18            relating to marriage after commencement of an  
19            annuity

20            “(a) If an annuitant--

21            “(1) is married on the date that the annuitant  
22            applies for payment of an annuity under subchapter II of  
23            this chapter to commence, the marriage terminates, and  
24            the annuitant remarries, or

25            “(2) is not married on such date and marries after

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1       such date,  
2 the annuitant may irrevocably elect during the later marriage  
3 to provide an annuity for such annuitant's spouse under the  
4 method of payment described in section 8416(a)(2)(B) or  
5 subparagraph (B) or (D) of section 8424(a)(2) of this title.  
6 An election under this subparagraph shall be made in a signed  
7 writing received by the Office within 2 years after the date  
8 of the remarriage or marriage, as the case may be.

9       “(b) An election under subsection (a) of this section  
10 shall be effective the first day of the second month  
11 beginning after the election is received by the Office (in  
12 the case of a survivor annuity payable out of the Fund) or  
13 the Executive Director (in the case of a survivor annuity  
14 payable out of the Thrift Savings Fund), but not earlier than  
15 9 months after the date of the remarriage referred to in  
16 paragraph (1) of such subsection or the date of the marriage  
17 referred to in paragraph (2) of such subsection, as the case  
18 may be.

19       “(c) An annuitant making an election under subsection  
20 (a) of this section to provide a survivor annuity payable out  
21 of the Fund shall, within 2 years after the date of the  
22 remarriage referred to in paragraph (1) of such subsection or  
23 the date of the marriage referred to in paragraph (2) of such  
24 subsection, as the case may be, deposit in the Fund an amount  
25 determined by the Office, as nearly as may be

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1 administratively feasible, to reflect the amount by which the  
2 annuity of such annuitant would have been reduced if the  
3 election had been in effect since--

4       “(1) the date that payment of an annuity to the  
5 annuitant under subchapter II of this chapter commenced,  
6 or

7       “(2) if the annuity had previously been reduced to  
8 provide for a survivor annuity under section 8432 of this  
9 title, the date the previous reduction in such  
10 annuitant's annuity was terminated under section 8415(b)  
11 of this title,

12 plus interest computed as provided in section 8438(a) of this  
13 title.

14       “(d) Notwithstanding any other provision of this  
15 section, an election under this section may not be made for  
16 the purpose of providing a survivor annuity payable from the  
17 Fund to a spouse of an annuitant by remarriage if--

18       “(A) such spouse was married to the annuitant on the  
19 date that payment of an annuity to the annuitant under  
20 subchapter II of this chapter commenced; and

21       “(B) rights to survivor benefits for such spouse  
22 based on marriage to such annuitant were then waived  
23 under section 8416(b)(2) of this title.

24       “§ 8435. Survivor benefits for eligible former spouses:  
25               entitlement; amount

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1       “(a) Subject to subsections (b) through (g) of this  
2 section, an eligible former spouse of a deceased participant  
3 who died after performing 18 or more months of service and an  
4 eligible former spouse of a deceased former participant who  
5 died entitled to an immediate or deferred annuity under  
6 section 8411 or 8412 of this title is entitled to a survivor  
7 annuity under this section if and to the extent that--

8           “(1) an election under section 8436 of this title,

9           “(2) any court decree dissolving or annulling the  
10 marriage of the participant or former participant and the  
11 eligible former spouse, or

12           “(3) any court order or court-approved property  
13 settlement agreement incident to such decree,

14 expressly provides for such survivor annuity.

15       “(b)(1) The amount of the survivor annuity payable from  
16 the Fund to an eligible former spouse of a deceased  
17 participant or deceased former participant under this section  
18 may not exceed the excess, if any, of--

19           “(A) the amount applicable in the case of such  
20 eligible former spouse, as determined under paragraph (2)  
21 of this subsection, over

22           “(B) the total amount of all other survivor  
23 annuities payable from the Fund under this section to  
24 other eligible former spouses of the participant or  
25 former participant based on the order of precedence



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1 provided in subsection (d) of this section.

2 `` (2) For the purposes of paragraph (1)(A) of this  
3 subsection, the amount applicable in the case of an eligible  
4 former spouse of a deceased participant or deceased former  
5 participant is the amount which would be computed for a  
6 surviving spouse of the deceased--

7 `` (A) as provided in section 8416(a)(2)(B) of this  
8 title, if the deceased was an annuitant on such day;

9 `` (B) as provided in section 8431(a) of this title,  
10 if the deceased was a participant described in paragraph  
11 (1) of such section 8431(a); or

12 `` (C) as provided in section 8431(b) of this title,  
13 if the deceased was a former participant described in  
14 paragraph (1) of such section 8431(b).

15 `` (c) The total amount of all survivor annuities payable  
16 from the Thrift Savings Fund to eligible former spouses of a  
17 deceased participant or deceased former participant pursuant  
18 to this section may not exceed the amount of the survivor  
19 annuities that would be payable to the former spouses out of  
20 100 percent of the balance in the account of the deceased  
21 participant or deceased former participant, plus anticipated  
22 net earnings from investments allocable to such account,  
23 determined on an actuarial basis in accordance with  
24 regulations prescribed by the Executive Director.

25 `` (d) If more than one eligible former spouse is entitled

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1 to a survivor annuity pursuant to this section, the amount of  
2 each such survivor annuity shall be limited appropriately to  
3 carry out subsection (b) or (c) of this section on a first-  
4 come, first-served basis determined by reference to the date  
5 an election is properly made pursuant to section 8436 of this  
6 title or the date on which the court decree, order, or court-  
7 approved agreement applicable to the entitlement was issued,  
8 as the case may be.

9       “(e) The commencement and termination dates of a  
10 survivor annuity payable under this section to an eligible  
11 former spouse of a deceased participant or deceased former  
12 participant shall be the commencement and termination dates  
13 determined under the provisions of the applicable court  
14 order, decree, or agreement or an election, as the case may  
15 be (if provided in such order, decree, agreement, or  
16 election), except that any such survivor annuity--

17               “(1) shall not commence before--

18                       “(A) the day after the participant or former  
19 participant dies, or

20                       “(B) the first day of the second month beginning  
21 after the date on which the Office receives written  
22 notice of the court order, decree, or agreement or  
23 the election, as the case may be, together with such  
24 additional information or documentation as the Office  
25 requires,

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1       whichever is later, and

2           “(2) shall terminate not later than the date  
3       provided in section 8464(b)(2) of this title.

4           “(f) For the purposes of this section, a court decree,  
5       order, or agreement or an election referred to in subsection  
6       (a) of this section shall not be effective, in the case of a  
7       survivor annuity payable out of the Fund to a former spouse,  
8       to the extent that the election is inconsistent with any  
9       joint waiver previously executed with respect to such former  
10      spouse under section 8416(b)(2) of this title.

11          “(g) Any payment under this section to a person bars  
12      recovery by any other person.

13      “§ 8436. Survivor benefits for former spouses: elections,  
14              deposits and collections, and administrative  
15              provisions

16          “(a)(1) If an annuitant has an eligible former spouse on  
17      the date that the annuitant applies for payment of an annuity  
18      to the annuitant under subchapter II of this chapter to  
19      commence, the annuitant may elect, under procedures  
20      prescribed by the Office, to provide a survivor annuity for  
21      such former spouse under section 8435 of this title. An  
22      election under this paragraph shall be made on such date or  
23      not later than the date which is 2 years after the date on  
24      which the marriage of the former spouse to the annuitant was  
25      dissolved or annulled, whichever is later. The election shall

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1 specify the amount of the survivor annuity to be provided  
2 under this paragraph.

3     “(2) If an annuitant makes an election under paragraph  
4 (1) of this subsection to provide a survivor annuity payable  
5 out of the Fund and the annuitant makes the election during  
6 the 2-year period referred to in such paragraph, the  
7 annuitant shall deposit in the Fund, within such period, an  
8 amount determined by the Office, as nearly as may be  
9 administratively feasible, to reflect the amount by which the  
10 annuity of such an annuitant would have been reduced if the  
11 election had been continuously in effect since the date the  
12 annuity commenced, plus interest computed as provided in  
13 section 8438(a) of this title.

14     “(3) An election under paragraph (1) of this  
15 subsection--

16         “(A) shall not be effective to the extent that it  
17 conflicts with--

18             “(i) any court decree or order referred to in  
19 subsection (a) of section 8435 of this title, or

20             “(ii) any agreement referred to in such  
21 subsection,

22 which is received by the Office before the date on which  
23 such election is made;

24         “(B) shall not be effective to the extent that the  
25 amount of the annuity specified in the election exceeds--

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1           “(1) in the case of a survivor annuity payable  
2           from the Fund, the amount determined pursuant to  
3           subsections (b)(2) and (d) of section 8435 of this  
4           title; or

5           “(11) in the case of a survivor annuity payable  
6           from the Thrift Savings Fund, the amount determined  
7           pursuant to subsections (c) and (d) of section 8435  
8           of this title; and

9           “(C) shall not be effective, in the case of an  
10          annuitant who is married on the date of the election,  
11          unless the election is made with the written consent of  
12          the annuitant's spouse.

13          “(b) An annuitant who has elected to provide a survivor  
14          annuity for an eligible former spouse pursuant to subsection  
15          (a) of this section or who has an eligible former spouse  
16          entitled to receive a survivor annuity with respect to the  
17          annuitant under paragraph (2) or (3) of section 8435(a) of  
18          this title may make an election to provide or increase a  
19          survivor annuity for any other eligible former spouse of the  
20          annuitant within the same period that, and subject to the  
21          same conditions under which, an election could be made under  
22          subsection (c) of this section for a spouse of the annuitant  
23          (subject to the provisions of subsection (a)(3)(C) of this  
24          section relating to the consent of a spouse, if the annuitant  
25          is then married). The opportunity to make an election under

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1 the preceding sentence is in addition to any opportunity  
2 otherwise provided under this section.

3     “(c)(1) If the entitlement of an eligible former spouse  
4 of an annuitant to a survivor annuity under this subchapter  
5 is terminated or reduced by reason of the remarriage or death  
6 of the former spouse, the annuitant may elect, in a signed  
7 writing received by the Office (in the case of a survivor  
8 annuity to be paid out of the Fund) or the Executive Director  
9 (in the case of a survivor annuity to be paid out of the  
10 Thrift Savings Fund) within 2 years after the former spouse’s  
11 date of death or remarriage, as the case may be, to provide a  
12 survivor annuity to the annuitant’s spouse.

13     “(2) A survivor annuity elected under paragraph (1) of  
14 this subsection shall be paid under the method described in  
15 section 8416(a)(2)(B) of this title (in the case of a  
16 terminated or reduced entitlement payable out of the Fund) or  
17 in subparagraph (B) or (D) of section 8424(a)(2) of this  
18 title (in the case of a terminated or reduced entitlement  
19 payable from the Thrift Savings Fund).

20     “(d) If the entitlement of an annuitant’s spouse to a  
21 survivor annuity under this subchapter is terminated by  
22 reason of the death of the spouse, the annuitant may elect,  
23 in a signed writing received by the Office (in the case of a  
24 survivor annuity to be paid out of the Fund) or the Executive  
25 Director (in the case of a survivor annuity to be paid out of

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1 the Thrift Savings Fund) within 2 years after the spouse's  
2 date of death to provide or increase a survivor annuity for a  
3 former spouse of the annuitant.

4 "(e) The requirement that the spouse of an annuitant  
5 waive a right to a survivor annuity under this subchapter as  
6 a condition for an election authorized by subsection  
7 (a)(3)(C) of this section shall not apply if the participant  
8 or annuitant establishes to the satisfaction of the Office  
9 that--

10 "(1) the spouse's whereabouts cannot reasonably be  
11 determined; or

12 "(2) due to exceptional circumstances, it would be  
13 inappropriate to require the participant or annuitant to  
14 obtain the spouse's consent.

15 "§ 8437. Termination of entitlement

16 "An election of an annuitant to provide a survivor  
17 annuity to the annuitant's spouse under this subchapter  
18 terminates on the first day of the first month beginning  
19 after--

20 "(1) the date of the death of the spouse; or

21 "(2) the date of the dissolution of the spouse's  
22 marriage to the annuitant.

23 "§ 8438. Deposits to the Fund

24 "(a) For the purposes of section 8434(c) or 8436(a)(2)  
25 of this title, the annual rate of interest for each year

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1 during which an annuity would have been reduced if the  
2 election referred to in such section had been in effect on  
3 and after the applicable date referred to in such section  
4 shall be the percent determined for such year under section  
5 8334(e) of this title.

6 `` (b) If an annuitant does not make a deposit required by  
7 section 8434(c) or 8436(a)(2) of this title, the Office shall  
8 collect such amount by offset against the annuitant's annuity  
9 payable from the Fund, up to a maximum of 25 percent of the  
10 net annuity otherwise payable to the annuitant. The annuitant  
11 is deemed to consent to such offset.

12 `` (c) The Office may extend the time limit for making a  
13 deposit required by section 8434(c) or 8436(a)(2) of this  
14 title in any case for good cause shown.

15 `` SUBCHAPTER V--DISABILITY BENEFITS

16 `` § 8441. Definitions

17 `` For the purposes of this subchapter--

18 `` (1) the term 'administrator of benefits' means--

19 `` (A) the Office; or

20 `` (B) an insurance company or other entity

21 which--

22 `` (1) offers claims payment services and  
23 related administrative services under benefit  
24 plans provided by employers in the private  
25 sector; and



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1           “(11) has entered into a contract with the  
2           Office pursuant to section 8450 of this title;

3           “(2) the term ‘disability benefits under the Social  
4           Security Act’ means disability insurance benefits payable  
5           under section 223 of the Social Security Act or benefits  
6           payable under section 202 of such Act by reason of being  
7           under a disability;

8           “(3) the term ‘disability date’, when used with  
9           respect to an eligible participant, means the date the  
10          eligible participant became disabled;

11          “(4) the term ‘disabled’, when used with respect to  
12          an eligible participant, means that the eligible  
13          participant--

14               “(A) is under a disability within the meaning of  
15               section 223 of the Social Security Act; or

16               “(B) is unable, because of disease or injury, to  
17               render useful and efficient service in the  
18               participant’s position and is not qualified for  
19               reassignment, under procedures prescribed by the  
20               Office, to a vacant position--

21               “(1) which is in the participant’s employing  
22               agency and is in the participant’s commuting  
23               area;

24               “(11) which is at the same grade or pay  
25               level as the participant’s position; and

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1            “(iii) in which the participant would be  
2            able to render useful and efficient service;  
3            “(5) the term ‘eligible participant’ means an  
4            employee or Member whose service exceeds 18 months and--  
5            “(A) who--  
6            “(i) has applied for disability benefits  
7            under the Social Security Act and has been  
8            determined to be under a disability for the  
9            purposes of title II of the Social Security Act;  
10           or  
11           “(ii) in the case of an employee or Member  
12           who is not entitled to disability benefits under  
13           the Social Security Act by reason of insufficient  
14           quarters of coverage, has been determined by an  
15           administrator of benefits to be disabled within  
16           the meaning of paragraph (4)(A) of this section  
17           on the basis of a report of examination required  
18           by section 8445 of this title; or  
19           “(B) who has been determined by an administrator  
20           of benefits to be disabled within the meaning of  
21           paragraph (4)(B) of this section on the basis of a  
22           report of examination required by section 8445 of  
23           this title and the findings of the Office with  
24           respect to the reassignment of the employee;  
25           “(6) the term ‘final average pay’, when used with

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1 respect to a disabled eligible participant, means the  
2 participant's average pay on the participant's disability  
3 date increased, each time after such date that the rates  
4 of pay under the General Schedule are increased pursuant  
5 to section 5305 of this title, by the same overall  
6 average percent of the increase in such rates, and  
7 compounded;

8 ``(7) the term 'onset average pay', when used with  
9 respect to a disabled eligible participant, means the  
10 participant's average pay on the participant's disability  
11 date increased on January 1 of each year after such date  
12 by the same percent by which annuities referred to in  
13 paragraph (1) of section 8462(b) of this title are  
14 increased under such section 8462(b)(2)(C) in December of  
15 the preceding year, and compounded; and

16 ``(8) the term 'projected service', when used with  
17 respect to a disabled eligible participant, means the sum  
18 of the number of years of service performed by the  
19 participant before the participant's disability date and  
20 the number of years, if any, after such date and before  
21 the date the participant becomes--

22 ``(A) in the case of an eligible participant  
23 referred to in subparagraph (5)(A) of this section,  
24 62 years of age; or

25 ``(B) in the case of an eligible participant  
26 referred to in subparagraph (5)(B) of this section,

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1 55 years of age.

2 ``§ 8442. Entitlement

3 ``(a)(1) A person who is an eligible participant, is  
4 disabled, and has used all sick leave accrued and accumulated  
5 under subchapter I of chapter 63 of this title or any other  
6 similar applicable provision of law relating to Government  
7 employment is entitled to receive disability benefits under  
8 this subchapter while--

9 ``(A) in the case of a person who is disabled within  
10 the meaning of section 8441(4)(A) of this title, such  
11 person is under 62 years of age and during the month in  
12 which such person becomes such age; and

13 ``(B) in the case of a person who is disabled within  
14 the meaning of section 8441(4)(B) of this title, such  
15 person is under 55 years of age and during the month in  
16 which such person becomes such age.

17 ``(2) On and after the first day of the first month  
18 beginning after the month in which a person referred to in  
19 paragraph (1) of this subsection becomes the maximum age  
20 prescribed for such person in subparagraph (A) or (B) of such  
21 paragraph, the person shall be treated as an eligible  
22 participant for the purposes of entitlement to benefits under  
23 subsection (b) of this section.

24 ``(b)(1) Subject to paragraph (3) of this subsection, an  
25 eligible participant who--

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1           “(A) is disabled within the meaning of section  
2           8441(4)(A) of this title and is not less than 62 years of  
3           age, or

4           “(B) is disabled within the meaning of section  
5           8441(4)(B) of this title and is not less than 55 years of  
6           age,

7           and who has 5 or more years of service and projected service  
8           shall be entitled to an annuity as provided in subchapter II  
9           of this title.

10          “(2) For the purposes of applying the provisions of  
11          subchapter II of this title in the case of an eligible  
12          participant pursuant to paragraph (1) of this subsection--

13               “(A) the eligible participant shall be deemed to  
14               have separated from Government employment on the day  
15               before the date the participant becomes entitled to an  
16               annuity pursuant to paragraph (1) of this subsection;

17               “(B) the service of the participant shall include  
18               the participant's projected service; and

19               “(C) the participant's average pay shall be equal  
20               to--

21                       “(1) in the case of a participant not described  
22                       in clause (ii) of this subparagraph, the  
23                       participant's onset average pay; and

24                       “(ii) in the case of a participant who has  
25                       elected to make contributions under section 8418(c)

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1 of this title and has not received a refund of such  
2 contributions under section 8420 of this title, the  
3 participant's final average pay.

4 `` (3)(A) If an eligible participant has not elected to  
5 make contributions under section 8418(c) of this title or has  
6 received, under section 8420 of this title, a refund of the  
7 contributions made by the participant pursuant to an election  
8 made under such section 8418(c), the amount of the annuity  
9 which the participant is entitled to receive under subchapter  
10 II of this chapter by reason of the application of paragraph  
11 (1) of this subsection shall be the amount determined under  
12 subparagraph (B) of this paragraph.

13 `` (B) The amount of the annuity which an eligible  
14 participant referred to in subparagraph (A) of this paragraph  
15 is entitled to receive under subchapter II of this chapter by  
16 reason of the application of paragraph (1) of this subsection  
17 shall be equal to the lesser of--

18 `` (1) the amount of the disability benefits which  
19 such eligible participant was receiving under this  
20 subchapter on the day before the date the participant  
21 becomes entitled to receive such annuity; or

22 `` (ii) the amount of the annuity computed in the case  
23 of such participant under the provisions of such  
24 subchapter.

25 `` (c) If the condition of an eligible participant who is

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1 disabled within the meaning of subparagraph (A) or (B) of  
2 section 8441(4) of this title changes such that the  
3 participant is disabled within the meaning of the other such  
4 subparagraph, the entitlement of such participant to receive  
5 disability benefits under this subchapter shall be adjusted  
6 as appropriate to reflect the changed condition.

7 ``§ 8443. Computation of benefits

8 ``(a) The annual rate of the disability benefits payable  
9 under section 8442(a) of this title to an eligible  
10 participant referred to in section 8441(5)(A) of this title  
11 shall be equal to the excess of 60 percent of the  
12 participant's average pay on the participant's disability  
13 date over the amount, if any, which is payable or, on proper  
14 application would be payable to the participant as disability  
15 benefits under the Social Security Act on such date.

16 ``(b) The annual rate of the disability benefits payable  
17 under section 8442(a) of this title to an eligible  
18 participant referred to in section 8441(5)(B) of this title--

19 ``(1) during the period ending 1 year after the  
20 eligible participant's disability date, shall be equal to  
21 the excess of 60 percent of the participant's average pay  
22 on the participant's disability date over the amount, if  
23 any, which is payable or, on proper application would be  
24 payable to the participant as disability benefits under  
25 the Social Security Act on such date; and

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1           “(2) after such period, while the participant is  
2 under 55 years of age, shall be equal to the excess of--

3           “(A) 40 percent of the participant's average pay  
4 on the participant's disability date as such average  
5 pay is increased by the same percent by which the  
6 amount of the participant's disability benefits  
7 computed under paragraph (1) of this subsection was  
8 increased on the first January 1 after such date,  
9 under section 8462 of this title, over

10           “(B) the amount of the disability benefits under  
11 the Social Security Act computed for the purpose of  
12 paragraph (1).

13   “§ 8444. Application

14           “(a) Except as provided in subsection (b) of this  
15 section, a claim of a participant for disability benefits  
16 under this subchapter may be allowed only if the participant  
17 files with the appropriate administrator of benefits an  
18 application for the disability benefits before the date the  
19 participant separates from Government employment or within 1  
20 year after such date.

21           “(b) An appropriate administrator of benefits may waive  
22 the time limitation set out in subsection (a) of this section  
23 in the case of a participant if--

24           “(1) the administrator of benefits determines that  
25 the participant was mentally incompetent on the date the



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1 participant separated from Government employment or  
2 within 1 year after such date; and

3 "(2) the application for disability benefits is  
4 filed within 1 year after the date the participant is  
5 restored to mental competency or the date a fiduciary is  
6 appointed to manage the financial affairs of the  
7 participant, whichever date is earlier.

8 "§ 8445. Medical examinations

9 "(a) A participant applying for or receiving disability  
10 benefits under section 8442(a) of this title shall be  
11 examined by a physician under the direction of the  
12 appropriate administrator of benefits at such times as such  
13 administrator may require.

14 "(b) A physician examining a participant under  
15 subsection (a) of this section shall report to the  
16 appropriate administrator of benefits the diagnosis and  
17 prognosis with respect to such participant.

18 "(c) Notwithstanding any other provision of this  
19 subchapter, any participant who fails to submit to the  
20 examination required under subsection (a) of this section  
21 shall not be entitled to disability benefits.

22 "§ 8446. Offers of alternative employment

23 "(a)(1) Any participant who is applying for disability  
24 benefits under this subchapter, is examined pursuant to  
25 section 8445 of this title, and is determined on the basis of

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1 the examination to be able to perform the work required in  
2 any position described in paragraph (2) of this subsection  
3 shall be considered for appointment to such position.

4     “(2) A position referred to in paragraph (1) of this  
5 subsection is a position which is in the agency of the  
6 Government employing the participant referred to in such  
7 paragraph, is a position for which the participant is  
8 qualified, is not lower than the grade or pay level of the  
9 participant's position, and is within the participant's  
10 commuting area.

11     “(b) Any participant who is appointed to or offered a  
12 position under subsection (a) of this section is entitled to  
13 appeal to the Merit Systems Protection Board under section  
14 7701 of this title any determination that the participant is  
15 able to perform the work required of such position.

16     “§ 8447. Recovery or restoration of earning capacity

17     “(a)(1) If an administrator of benefits determines that  
18 an individual who is receiving disability benefits under this  
19 subchapter has recovered from the disability before becoming  
20 62 years of age (in the case of an individual who is disabled  
21 within the meaning of section 8441(4)(A) of this title) or 55  
22 years of age (in the case of an individual who is disabled  
23 within the meaning of section 8441(4)(B) of this title),  
24 payment of the benefits shall terminate on the date the  
25 individual is reemployed by the Government or 1 year after

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1 the date of the medical examination on which such  
2 administrator's determination is based, whichever date is  
3 earlier.

4     “(2)(A) Payment of disability benefits to any individual  
5 under this chapter that has been terminated pursuant to  
6 paragraph (1) of this subsection shall be resumed if there is  
7 a recurrence of the individual's disability, as determined by  
8 an administrator of benefits after a medical examination of  
9 the individual, and the individual is under 62 years of age  
10 (in the case of an individual who is disabled within the  
11 meaning of section 8441(4)(A) of this title) or under 55  
12 years of age (in the case of an individual who is disabled  
13 within the meaning of section 8441(4)(B) of this title).

14     “(B) A resumption of payment of disability benefits  
15 under subparagraph (A) of this paragraph shall be effective  
16 on the date the medical examination referred to in such  
17 paragraph was completed.

18     “(C) The annual rate of the disability benefits payable  
19 to an individual upon resumption of payment under  
20 subparagraph (A) of this paragraph shall be the annual rate  
21 that would have been payable to the individual if payment of  
22 disability benefits had not been terminated pursuant to  
23 paragraph (1) of this subsection.

24     “(b)(1) If the administrator of benefits determines that  
25 an individual who is receiving disability benefits under this

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1 subchapter has received, during the latest calendar year,  
2 income from wages or self-employment or both totalling the  
3 amount equal to 60 percent of the rate of pay payable for the  
4 individual's position of Government employment on the  
5 individual's disability date determined for the purposes of  
6 this subchapter (increased as if such rate of pay had been  
7 increased, by the same percent as the overall percent  
8 increase in the rates of pay under the General Schedule, each  
9 time such rates had been increased pursuant to section 5305  
10 of this title since such date), payment of the benefits shall  
11 terminate on the date 60 days after the end of such calendar  
12 year.

13     “(2)(A) If payment of disability benefits under this  
14 subchapter has been terminated pursuant to paragraph (1) of  
15 this subsection in the case of an individual who is not  
16 reemployed in a position subject to this chapter, who  
17 continues to be disabled, who is under 62 years of age (in  
18 the case of an individual who is disabled within the meaning  
19 of section 8441(4)(A) of this title) or under 55 years of age  
20 (in the case of an individual who is disabled within the  
21 meaning of section 8441(4)(B) of this title), and who  
22 receives in the calendar year in which the disability  
23 benefits were terminated, or any calendar year after such  
24 year, income from wages or self-employment or both totalling  
25 less than the amount computed in such case as provided in

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1 such paragraph, payment of disability benefits to the  
2 individual under this subchapter shall be resumed.

3 `` (B) A resumption of payment of disability benefits to  
4 an individual under subparagraph (A) of this paragraph shall  
5 be effective the first day of the first year beginning after  
6 the year in which the individual received the income referred  
7 to in such subparagraph.

8 `` (C) The annual rate of the disability benefits payable  
9 to an individual upon resumption of payment of disability  
10 benefits under subparagraph (A) of this paragraph shall be  
11 the annual rate that would have been payable to the  
12 individual if payment had not been terminated pursuant to  
13 paragraph (1) of this subsection.

14 `` (c) Any determination under this section may be  
15 appealed to the Office. A determination of the Office in such  
16 an appeal may be appealed to the Merit Systems Protection  
17 Board under section 7701 of this title. The Merit Systems  
18 Protection Board may hear and adjudicate any such appeal.

19 `` § 8448. Relationship to workers' compensation

20 `` (a)(1) An individual is not entitled to receive  
21 disability benefits under this subchapter and compensation  
22 for injury to or disability of the individual under  
23 subchapter I of chapter 81 of this title covering the same  
24 period of time.

25 `` (2) Paragraph (1) of this subsection does not bar the

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1 right of a claimant to the greater benefit conferred by  
2 either subchapter referred to in such paragraph for any part  
3 of the period referred to in such paragraph.

4 `` (3) Paragraph (1) of this subsection and the provisions  
5 of subchapter I of chapter 81 of this title do not deny any  
6 concurrent benefit to an individual under this subchapter and  
7 under subchapter I of chapter 81 of this title if the benefit  
8 under subchapter I of chapter 81 of this title is based on  
9 the death of another individual.

10 `` (b)(1) Subject to paragraph (2) of this subsection, an  
11 individual's receipt of a lump-sum payment for compensation  
12 under section 8135 of this title shall not affect the  
13 individual's entitlement to disability benefits under this  
14 subchapter.

15 `` (2) If disability benefits are payable under this  
16 subchapter by reason of the same disability for which a lump-  
17 sum payment of compensation referred to in paragraph (1) of  
18 this subsection has been made, so much of the compensation as  
19 has been paid for a period extended beyond the date payment  
20 of the disability benefits commences, as determined by the  
21 Department of Labor, shall be refunded to that Department for  
22 credit to the Employees' Compensation Fund. Before the  
23 individual may receive the disability benefits, the  
24 individual shall--

25 `` (A) refund to the Department of Labor the amount

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1 representing the commuted compensation payments for the  
2 extended period; or

3 '(B) authorize the deduction of the amount from the  
4 disability benefits.

5 Deductions from the disability benefits may be made from  
6 accrued or accruing payments. The amounts deducted and  
7 withheld from disability benefits shall be transmitted to the  
8 Department of Labor for reimbursement to the Employees'  
9 Compensation Fund. When the Department of Labor finds that  
10 the financial circumstances of an individual entitled to  
11 disability benefits under this subchapter warrant deferred  
12 refunding under this paragraph, deductions from the  
13 disability benefits may be prorated against and paid from  
14 accruing payments in such manner as the Department determines  
15 appropriate.

16 '§ 8449. Military reserve technicians

17 '(a)(1) Except as provided in paragraph (2) of this  
18 subsection, a participant shall be entitled to disability  
19 benefits under this subchapter in the same manner as an  
20 eligible participant described in section 8441(5)(B) of this  
21 title if the participant--

22 '(A) is separated from employment as a military  
23 reserve technician by reason of a disability that  
24 disqualifies the individual from membership in a reserve  
25 component of the Armed Forces specified in section 261(a)

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1 of title 10 or from holding the military grade required  
2 for such employment:

3 "(B) is not considered disabled;

4 "(C) is not appointed to another position in the  
5 Government (under subsection (b) of this section or  
6 otherwise); and

7 "(D) has not declined an offer of appointment to a  
8 position in the Government under subsection (b) of this  
9 section.

10 "(2) Payment of disability benefits to an individual  
11 under this section terminates--

12 "(A) on the date the individual is appointed to a  
13 position in the Government (under subsection (b) of this  
14 section or otherwise);

15 "(B) on the date the individual declines an offer of  
16 appointment to a position in the Government pursuant to  
17 subsection (b) of this section; or

18 "(C) as provided in section 8447(a) or 8447(b) of  
19 this title.

20 "(b) Any individual applying for or receiving disability  
21 benefits pursuant to this section shall, in accordance with  
22 regulations prescribed by the Office, be considered by any  
23 agency of the Government before any vacant position in the  
24 agency is filled if--

25 "(1) the position is located within the commuting



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1 area of the individual's former position;

2 "(2) the individual is qualified to serve in the  
3 vacant position; and

4 "(3) the position is at the same grade or equivalent  
5 level as the position from which the individual was  
6 separated.

7 "§ 8450. Administrative provisions

8 "(a) For the purpose of this section, the term 'State'  
9 means a State of the United States, the District of Columbia,  
10 the Commonwealth of Puerto Rico, and a territory or  
11 possession of the United States.

12 "(b)(1) In order to provide for the administration of  
13 benefits under this subchapter with maximum efficiency and  
14 convenience for individuals entitled to such benefits, the  
15 Office is authorized to contract with one or more insurance  
16 companies or other entities described in section 8441(1)(A)  
17 of this title which the Office determines is appropriately  
18 qualified to perform some or all of the functions described  
19 in paragraph (2) of this subsection (to the extent that the  
20 Office is not expressly required by this subchapter to  
21 perform any function). The authority under this paragraph  
22 shall be exercised in accordance with provisions of this  
23 subchapter and applicable regulations issued pursuant to  
24 section 8461(c) of this title.

25 "(2) The functions referred to in paragraph (1) of this

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1 subsection are as follows:

2       ``(A) Receive disability applications and determine  
3 benefits entitlements based upon medical evidence and  
4 availability of alternative employment.

5       ``(B) Compute the amount of a benefits entitlement.

6       ``(C) Receive, disburse, and account for monies from  
7 the Federal Employees' Disability Insurance Fund.

8       ``(D) Monitor individual cases for rehabilitation  
9 opportunities and determine recovery from disability or  
10 restoration to earning capacity.

11       ``(E) Serve as a channel of communication of  
12 information relating to administration of this  
13 subchapter.

14       ``(F) Otherwise assist, in such manner as a contract  
15 entered into under paragraph (1) of this subsection may  
16 provide, in discharging administrative duties necessary  
17 to carry out the provisions of this subchapter.

18       ``(c) A contractor under a contract awarded under  
19 subsection (b) of this section shall establish an  
20 administrative office under a name approved by the Office.

21       ``(d) Subject to subsection (e) of this section, each  
22 contract under this section shall be for a term not to exceed  
23 5 years and may be automatically renewable, in the absence of  
24 notice by either party of intention to terminate at the end  
25 of the then current term, for successive terms of 1 year

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1 each.

2       “(e) The Office may terminate any such contract under  
3 this section at any time (after such reasonable notice and  
4 opportunity for hearing as the Office may prescribe in  
5 regulations) if the Office finds that the contractor has  
6 failed substantially to carry out the contract or is carrying  
7 out the contract in a manner which is inconsistent with the  
8 efficient administration of this subchapter.

9       “(f) Each contract entered into under this section shall  
10 provide for advances of monies from the Federal Employees’  
11 Disability Insurance Fund to the contractor for purposes of  
12 paying disability benefits under this subchapter and the  
13 costs of administration, as determined by the Office to be  
14 necessary and proper for carrying out the functions covered  
15 by the contract.

16       “(g) The Director may include in contracts awarded under  
17 subsection (b) of this section such terms and conditions as  
18 he considers appropriate to protect the interests of  
19 participants and the United States.

20       “(h) All records established or maintained by an  
21 administrator of benefits in the administration of this  
22 subchapter shall be the property of the United States. The  
23 administrator of benefits shall deliver such records to the  
24 Office whenever requested by the Office.

25       “(i) The provisions of any contract under this

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1 subchapter which relate to the nature or extent of coverage  
2 or benefits (including payments with respect to benefits)  
3 shall supersede and preempt any law of any State or political  
4 subdivision thereof, or any regulation issued thereunder,  
5 which relates to group disability insurance to the extent  
6 that the law or regulation is inconsistent with the  
7 contractual provisions.

8     “(j) The Secretary of Health and Human Services shall  
9 furnish to the Office and an administrator of benefits such  
10 information relating to the administration of the Social  
11 Security Act, including information on individuals claiming  
12 entitlement to benefits under this subchapter, as the Office  
13 determines to be necessary to carry out this subchapter.

14     “§ 8451. Annual accounting; special contingency reserve

15     “(a) A contract awarded under section 8450 of this title  
16 shall include a provision requiring the administrator of  
17 benefits under the contract to transmit an accounting to the  
18 Office not later than 90 days after the end of each contract  
19 year. The accounting shall set forth, in a form approved by  
20 the Office--

21             “(1) the total amount of all monies advanced to the  
22 contracting entity from the Federal Employees' Disability  
23 Insurance Fund during the contract year;

24             “(2) the total of all benefit payments made during  
25 the contract year; and

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1           “(3) the amounts of the authorized administrative  
2 expenses charged for the contract year.

3           “(b) Any excess of the amount described in subsection  
4 (a)(1) of this section over the sum of the amounts described  
5 in subsections (a)(2) and (a)(3) of this section for a  
6 contract year shall be credited to contract charges in the  
7 succeeding contract year or returned to the Federal  
8 Employees' Disability Insurance Fund upon termination of the  
9 contract, as the Office directs.

10       “§ 8452. Federal Employees' Disability Insurance Fund

11           “(a) There is established in the Treasury of the United  
12 States a fund to be known as the 'Federal Employees'  
13 Disability Insurance Fund'.

14           “(b)(1) In order to fund benefits and administrative  
15 expenses under this subchapter, each agency of the Government  
16 employing participants shall make periodic payments to the  
17 Federal Employees' Disability Insurance Fund equal to a  
18 percentage of the basic pay of such participants which the  
19 Office determines is appropriate. The Office shall base its  
20 determination of an appropriate percentage on the disability  
21 experience of participants employed by such agency.

22           “(2) An employing agency shall pay the amounts required  
23 by paragraph (1) of this subsection from the appropriation or  
24 fund available for payment of the basic pay or salaries of  
25 employees of the agency. In the case of a participant in the

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1 legislative branch who is paid by the Clerk of the House of  
2 Representatives, the amount shall be paid from the contingent  
3 fund of the House of Representatives.

4     “(c) Sums in the Federal Employees’ Disability Insurance  
5 Fund shall be available without fiscal year limitation as the  
6 Office determines necessary to pay disability benefits and  
7 administrative expenses authorized by this subchapter.

8     “(d) The Secretary of the Treasury may invest and  
9 reinvest any of the money in the Federal Employees’  
10 Disability Insurance Fund in interest-bearing obligations of  
11 the United States and may sell such obligations for the  
12 purposes of such fund. The interest on and the proceeds from  
13 the sale of these obligations become a part of such fund.

14     “(e)(1) No tax, fee, or other monetary payment may be  
15 imposed or collected by any State or by any political  
16 subdivision or other governmental authority thereof on, or  
17 with respect to, any funds transferred to contractors under  
18 this subchapter for payment and administration of disability  
19 benefits under this subchapter.

20     “(2) Paragraph (1) of this subsection shall not be  
21 construed to exempt any administrator of benefits from the  
22 imposition, payment, or collection of a tax, fee, or other  
23 monetary payment on the net income or profit accruing to or  
24 realized by the administrator from business conducted under  
25 this subchapter, if that tax, fee, or payment is applicable

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1 to a broad range of business activity.

2 ``SUBCHAPTER VI--GENERAL AND ADMINISTRATIVE PROVISIONS

3 ``§ 8461. Authority of the Office of Personnel Management

4 ``(a) The Office shall pay all benefits that are payable  
5 under this chapter from the Fund.

6 ``(b) The Office shall administer all provisions of this  
7 chapter not specifically required to be administered by the  
8 Board, the Executive Director, or any other entity.

9 ``(c) The Office may make regulations to carry out the  
10 provisions of this chapter administered by the Office.

11 ``§ 8462. Cost-of-living adjustment in basic plan annuities,  
12 survivor annuities, and disability benefits

13 ``(a) For the purpose of this section--

14 ``(1) the term 'base quarter', when used with respect  
15 to a year, means the calendar quarter ending on September  
16 30 of such year; and

17 ``(2) the price index for a base quarter is the  
18 arithmetic mean of such index for the 3 months comprising  
19 such quarter.

20 ``(b)(1) Except as provided in paragraph (2)(B) of this  
21 subsection and subsection (c) of this section, effective  
22 December 1 of each year in which the price index for the base  
23 quarter of such year exceeds the price index for the base  
24 quarter of the preceding year, each annuity which is payable  
25 from the Fund under subchapter II or IV of this chapter and

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1 commences not later than such December 1 shall be increased  
2 by the percentage computed under paragraph (2), (3), (4),  
3 (5), (6), or (7) of this subsection, as applicable. This  
4 subsection does not apply to an annuity or survivor annuity  
5 payable from the Thrift Savings Fund.

6       “(2)(A) Except in the case of an annuitant to whom  
7 paragraph (5) of this subsection applies, the annuity of an  
8 annuitant who is authorized to elect to make contributions  
9 under section 8418(c) of this title and (i) has not made such  
10 an election, or (ii) has received, pursuant to section 8420  
11 of this title, a refund of contributions made under such  
12 section 8418(c) shall be increased as provided in this  
13 paragraph.

14       “(B) An annuity of an annuitant who is under 62 years of  
15 age on the effective date of an increase in annuities under  
16 paragraph (1) of this subsection shall not be increased under  
17 such paragraph.

18       “(C) The percentage by which an annuity is increased  
19 under paragraph (1) of this subsection in any year in the  
20 case of an annuitant who is at least 62 years of age and is  
21 under 67 years of age on the date referred to in subparagraph  
22 (B) of this paragraph shall be the excess, if any, of--

23               “(i) the percentage of the increase in the price  
24 index for the base quarter of such year over the price  
25 index for the base quarter of the preceding year, over



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1            “(11) 2 percent.

2            “(D) The percentage by which an annuity is increased  
3 under paragraph (1) of this subsection in any year in the  
4 case of an annuitant who is at least 67 years of age on the  
5 date referred to in subparagraph (B) of this paragraph shall  
6 be the percentage of the increase in the price index for the  
7 base quarter of such year over the price index for the base  
8 quarter of the preceding year.

9            “(3)(A) Except in the case of an annuitant to whom  
10 paragraph (5) of this subsection applies, the annuity of an  
11 annuitant who has elected to make contributions under section  
12 8418(c) of this title and has not received a refund of such  
13 contributions under section 8420 of this title shall be  
14 increased as provided in this paragraph.

15           “(B) The percentage by which an annuity is increased  
16 under paragraph (1) of this subsection in any year in the  
17 case of an annuitant who is under 62 years of age on the  
18 effective date of an increase in annuities under such  
19 paragraph shall be the excess, if any, of--

20            “(1) the percentage of the increase in the price  
21 index for the base quarter of such year over the price  
22 index for the base quarter of the preceding year, over

23            “(11) 2 percent.

24           “(C) The percentage by which an annuity is increased  
25 under paragraph (1) of this subsection in any year in the

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1 case of an annuitant who is at least 62 years of age on the  
2 date referred to in subparagraph (B) of this paragraph shall  
3 be the percentage of the increase in the price index for the  
4 base quarter of such year over the price index for the base  
5 quarter of the preceding year.

6     “(4)(A) Except in the case of an annuitant to whom  
7 paragraph (5) of this subsection applies, the annuity which  
8 an annuitant is entitled to receive under section 8411(c) or  
9 8411(d) of this title shall be increased as provided in this  
10 paragraph.

11     “(B) The percentage by which an annuity is increased  
12 under paragraph (1) of this subsection in any year in the  
13 case of an annuitant who is at least 55 years of age and is  
14 under 67 years of age on the effective date of an increase in  
15 annuities under paragraph (1) of this subsection shall be the  
16 excess, if any, of--

17         “(1) the percentage of the increase in the price  
18 index for the base quarter of such year over the price  
19 index for the base quarter of the preceding year, over

20         “(11) 2 percent.

21     “(C) The percentage by which an annuity is increased  
22 under paragraph (1) of this subsection in any year in the  
23 case of an annuitant who is at least 67 years of age on the  
24 date referred to in subparagraph (B) of this paragraph shall  
25 be the percentage of the increase in the price index for the

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1 base quarter of such year over the price index for the base  
2 quarter of the preceding year.

3       “(5)(A) The annuity of an annuitant who is entitled to  
4 an annuity under subchapter II of this chapter by reason of  
5 section 8442(b) of this title, was authorized to elect to  
6 make contributions under section 8418(c) of this title, did  
7 not make such an election, and is under 67 years of age on  
8 the effective date of an increase in annuities under  
9 paragraph (1) of this subsection shall be increased under  
10 such paragraph in any year by the percentage equal to the  
11 excess, if any, of--

12               “(1) the percentage of the increase in the price  
13 index for the base quarter of such year over the price  
14 index for the base quarter of the preceding year, over  
15               “(11) 2 percent.

16       “(B) The annuity of an annuitant who is entitled to an  
17 annuity under subchapter II of this chapter by reason of  
18 section 8442(b) of this title, has elected to make  
19 contributions under section 8418(c) of this title, and has  
20 not received a refund of such contributions under section  
21 8420 of this title shall be increased under paragraph (1) of  
22 this subsection in any year by the percentage of the increase  
23 in the price index for the base quarter of such year over the  
24 price index for the base quarter of the preceding year.

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1       “(6)(A) The survivor annuity of a survivor who is  
2 entitled to the survivor annuity under subchapter IV of this  
3 chapter based on the service of a deceased participant,  
4 former participant, or annuitant other than a deceased  
5 participant, former participant, or annuitant referred to in  
6 paragraph (7)(A) of this subsection shall be increased under  
7 paragraph (1) of this subsection as provided in this  
8 paragraph.

9       “(B) The percentage by which a survivor annuity is  
10 increased under paragraph (1) of this subsection in any year  
11 in the case of a survivor annuitant who is described in  
12 subparagraph (A) of this paragraph and is under 67 years of  
13 age on the effective date of the increase in annuities under  
14 such paragraph (1) in such year shall be the percentage equal  
15 to the excess, if any, of--

16           “(1) the percentage of the increase in the price  
17 index for the base quarter of such year over the price  
18 index for the base quarter of the preceding year, over

19           “(ii) 2 percent.

20       “(C) The percentage by which a survivor annuity is  
21 increased under paragraph (1) of this subsection in any year  
22 in the case of a survivor annuitant who is described in  
23 subparagraph (A) of this paragraph and is at least 67 years  
24 of age on the effective date of the increase in annuities  
25 under such paragraph (1) in such year shall be the percentage

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1 of the increase in the price index for the base quarter of  
2 such year over the price index for the base quarter of the  
3 preceding year.

4     “(7)(A) The survivor annuity of a survivor who is  
5 entitled to the survivor annuity under subchapter IV of this  
6 chapter based on the service of a deceased participant,  
7 former participant, or annuitant who has elected to make  
8 contributions under section 8418(c) of this title and has not  
9 received a refund of such contributions under section 8420 of  
10 this title shall be increased under paragraph (1) of this  
11 subsection in any year by the percentage computed under  
12 subparagraph (B) of this paragraph.

13     “(B) The percentage by which a survivor annuity is  
14 increased under paragraph (1) of this subsection in any year  
15 in the case of a survivor annuitant described in subparagraph  
16 (A) of this paragraph shall be the percentage of the increase  
17 in the price index for the base quarter of such year over the  
18 price index for the base quarter of the preceding year.

19     “(c)(1) The first increase (if any) made under  
20 subsection (b) of this section to an annuity payable to a  
21 participant who retires, to the surviving spouse or surviving  
22 former spouse of a deceased participant, or to the surviving  
23 spouse or surviving former spouse of a deceased annuitant  
24 whose annuity has never been increased under this subsection  
25 or subsection (b) of this section shall be equal to the

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1 product (adjusted to the nearest one-tenth of 1 percent) of--

2        “(A) one-twelfth of the applicable percentage of the  
3 adjustment computed under subsection (b) of this section,  
4 multiplied by

5        “(B)(i) the number of months (counting any portion  
6 of a month as a month) for which the annuity was payable  
7 before the effective date of the increase, or

8        “(ii) in the case of a survivor annuity payable to a  
9 surviving spouse or surviving former spouse of a deceased  
10 annuitant whose annuity has never been so increased, the  
11 number of months (counting any portion of a month as a  
12 month) since the annuity was first payable to the  
13 deceased annuitant.

14       “(2) Effective on its commencing date, an annuity  
15 referred to in subsection (b) of this section and payable to  
16 an annuitant's surviving spouse or surviving former spouse  
17 shall be increased by the total percentage by which the  
18 deceased annuitant's annuity had been increased under such  
19 subsection during the period beginning on the date the  
20 deceased annuitant's annuity commenced and ending on the date  
21 of the deceased annuitant's death.

22       “(d)(1) Except as provided in paragraph (3) of this  
23 subsection and subsection (e) of this section, effective  
24 December 1 of each year in which the price index for the base  
25 quarter of such year exceeds the price index for the base

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1 quarter of the preceding year, the amount of each disability  
2 benefit which is payable under subchapter V of this chapter  
3 and commences not later than such December 1 shall be  
4 increased by the percentage computed under paragraph (2) or  
5 (3) of this subsection, as applicable.

6     “(2) The amount of the disability benefit of a  
7 participant who was authorized to elect to make contributions  
8 under section 8418(c) of this title and did not make such an  
9 election shall be increased under paragraph (1) of this  
10 subsection in any year by the percentage equal to the excess,  
11 if any, of--

12         “(A) the percentage of the increase in the price  
13 index for the base quarter of such year over the price  
14 index for the base quarter of the preceding year, over

15         “(B) 2 percent.

16     “(3) The amount of the disability benefit of a  
17 participant who has elected to make contributions under  
18 section 8418(c) of this title and has not received a refund  
19 of such contributions under section 8420 of this title shall  
20 be increased under paragraph (1) of this subsection in any  
21 year by the percentage of the increase in the price index for  
22 the base quarter of such year over the price index for the  
23 base quarter of the preceding year.

24     “(e) The first increase (if any) made under subsection  
25 (d) of this section in a disability benefit which is payable

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1 to a participant and has never been increased under this  
2 subsection or subsection (d) of this section shall be equal  
3 to the product (adjusted to the nearest one-tenth of 1  
4 percent) of--

5       “(1) one-twelfth of the applicable percentage of the  
6       adjustment computed under subsection (d) of this section,  
7       multiplied by

8       “(2) the number of months (counting any portion of a  
9       month as a month) for which the disability benefit was  
10       payable before the effective date of the increase.

11       “(f) The monthly installment of an annuity or disability  
12       benefit payable after adjustment under this section shall be  
13       rounded to the next lowest dollar, but the increase in the  
14       monthly installment under this section shall be at least \$1.

15       “§ 8463. Rate of benefits

16       “Each annuity and disability benefit is stated as an  
17       annual amount, one-twelfth of which, fixed at the next lowest  
18       dollar, constitutes the monthly rate payable on the first  
19       business day of the first month beginning after the last day  
20       of the month for which the annuity or disability benefit has  
21       accrued.

22       “§ 8464. Commencement and termination of annuities

23       “(a)(1) Except as otherwise provided in this chapter,  
24       the annuity of a participant under subchapter II of this  
25       chapter shall commence on the first day of the first month



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1 beginning after--

2       ``(A) the date the participant separates from  
3 Government employment entitled to an immediate annuity  
4 under section 8411 of this title, or

5       ``(B) in the case of a participant who is entitled to  
6 a deferred annuity under section 8412 of this title and  
7 is not entitled to an immediate annuity under section  
8 8411 of this title, the date elected by the participant  
9 under section 8412(a) of this title or the date the  
10 participant becomes 62 years of age, whichever is  
11 earlier,  
12 as the case may be.

13       ``(2) The annuity of an annuitant under this chapter  
14 terminates on the date of death or other terminating event  
15 provided by law.

16       ``(b)(1) Except as otherwise provided in this chapter, a  
17 survivor annuity payable to an individual under this chapter  
18 shall commence on the first day of the first month beginning  
19 after the date of the death of the deceased participant or  
20 former participant on whose death such annuity is based.

21       ``(2) A survivor annuity payable to a surviving spouse or  
22 an eligible former spouse of a deceased participant or  
23 deceased former participant under this chapter terminates on  
24 the last day of the last month ending before the surviving  
25 spouse or former spouse dies or, if the surviving spouse or

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1 former spouse is less than 55 years of age, remarries.

2 ``§ 8465. Waiver, allotment, and assignment of benefits

3 `` (a) An individual entitled to receive payment of  
4 benefits under subchapter II of this chapter may decline to  
5 accept all or any part of the amount of the benefits by a  
6 waiver signed and filed with the Office. The waiver may be  
7 revoked in writing at any time. Payment of the benefits  
8 waived may not be made for the period during which the waiver  
9 is in effect.

10 `` (b) An individual entitled to receive payment of  
11 benefits under subchapter II of this chapter may make  
12 allotments or assignments of amounts from the benefits for  
13 such purposes as the Office considers appropriate.

14 ``§ 8466. Application for benefits

15 `` (a) No payment of benefits based on the service of a  
16 former participant shall be made under this chapter unless an  
17 application for payment of the benefits is received by the  
18 Office before the one hundred and fifteenth anniversary of  
19 the former participant's birth.

20 `` (b) Notwithstanding subsection (a) of this section,  
21 after the death of a participant or former participant, a  
22 benefit based on the participant's or former participant's  
23 service shall not be paid under subchapter IV of this chapter  
24 unless an application therefor is received by the Office  
25 within 30 years after the death or other event which

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1 establishes the entitlement to the benefit.

2 ``§ 8467. Court orders

3     ``(a) Payments under this chapter which would otherwise  
4 be made to a participant or former participant based upon the  
5 service of the participant or former participant shall be  
6 paid (in whole or in part) by the Office or the Executive  
7 Director, as the case may be, to another person if and to the  
8 extent that the terms of any court decree of divorce,  
9 annulment, or legal separation, or the terms of any court  
10 order or court-approved property settlement agreement  
11 incident to any court decree of divorce, annulment, or legal  
12 separation expressly provide. Any payment under this  
13 paragraph to a person bars recovery by any other person.

14     ``(b) Subsection (a) of this section shall apply only to  
15 payments made by the Office or the Executive Director under  
16 this chapter after the date on which the Office or the  
17 Executive Director, as the case may be, receives written  
18 notice of such decree, order, or agreement, and such  
19 additional information and documentation as the Office or the  
20 Executive Director may require.

21 ``§ 8468. Annuities and pay on reemployment

22     ``(a)(1) Except in the case of an annuitant who has made  
23 an election under subsection (b) of this section, if an  
24 annuitant becomes employed in an appointive or elective  
25 position in the Government, payment of any annuity under

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1 subchapter II of this chapter to the annuitant terminates  
2 effective on the date of the employment, and the annuitant's  
3 service on and after the date the annuitant becomes so  
4 employed is covered by this chapter. Upon termination of the  
5 employment, the rights of the annuitant under subchapter II  
6 of this chapter shall be redetermined. If the annuitant dies  
7 while still so employed, a survivor annuity payable with  
8 respect to the deceased annuitant shall be redetermined as if  
9 the employment had otherwise terminated on the date of death.

10     “(2) The amount of an annuity resulting from a  
11 redetermination of rights under this chapter pursuant to  
12 paragraph (1) of this subsection shall not be less than the  
13 amount of the terminated annuity plus any increases under  
14 section 8462 of this title occurring after the termination of  
15 the annuity and before the commencement of the redetermined  
16 annuity.

17     “(b)(1) Under regulations prescribed by the Office,  
18 subject to paragraph (2) of this subsection, an annuitant who  
19 becomes employed in an appointive or elective position in the  
20 Government on a part-time basis may elect to continue to  
21 receive an annuity under subchapter II of this chapter.

22     “(2) The sum of--

23         “(A) the amount of an annuity payable under  
24 subchapter II of this chapter to an annuitant making an  
25 election under paragraph (1) of this subsection, and

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1           “(B) the annual rate of pay payable to the  
2 annuitant,  
3 during the part-time employment referred to in such paragraph  
4 may not exceed the annual rate of pay which is payable for  
5 full-time employment in the position in which the annuitant  
6 is employed.

7    “§ 8469. Information

8           “(a) The Office shall make available to each individual  
9 who is required or eligible to be a participant such  
10 information as may be necessary to enable the individual to  
11 understand the rights and benefits, including options, which  
12 the individual has under the provisions of this chapter.

13          “(b) The Office shall include in the information made  
14 available under subsection (a) of this section a summary  
15 description of the Thrift Savings Plan including--

16           “(1) information similar to the information required  
17 to be included in a summary description plan for the  
18 purpose of the Employee Retirement Income Security Act of  
19 1974, as provided in section 102 of such Act (29 U.S.C.  
20 1022); and

21           “(2) a statement that an investment of a  
22 participant's funds in the Common Stock Index Investment  
23 Fund (as defined in section 8427(a)(1) of this title) is  
24 made at the risk of the participant, that the participant  
25 is not protected by the Federal Government against loss

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1 on such investment, and that a return on such investment  
2 is not guaranteed by the Federal Government.

3 ``SUBCHAPTER VII--TRANSITION PROVISIONS

4 ``§ 8471. Treatment of certain individuals subject to the  
5 Civil Service Retirement and Disability System

6 ``(a)(1)(A) Any individual--

7 ``(i) who is subject to subchapter III of chapter 83  
8 of this title as an employee (as defined in section  
9 8331(1) of this title, other than an individual employed  
10 by the government of the District of Columbia), whose  
11 employment by the Federal Government is not employment  
12 for the purposes of title II of the Social Security Act  
13 and chapter 21 of the Internal Revenue Code of 1954, and  
14 who is not required by section 8402 of this title to be a  
15 participant,

16 ``(ii) who is subject to subchapter III of chapter 83  
17 of this title as an employee (as defined in section  
18 8331(1) of this title, other than an individual employed  
19 by the government of the District of Columbia), whose  
20 employment by the Federal Government before January 1,  
21 1984, is employment for the purposes of title II of the  
22 Social Security Act and chapter 21 of the Internal  
23 Revenue Code of 1954, and who is not required by section  
24 8402 of this title to be a participant, or

25 ``(iii) who is a Member of Congress (as defined in

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1 section 2106 of this title) and who is not required by  
2 section 8402 of this title to be a participant,  
3 may elect to commence participation in the System.

4 `` (B) An election made under subparagraph (A) of this  
5 paragraph shall be made in writing, in accordance with such  
6 regulations as the Office may prescribe, and not later than  
7 December 31, 1987, or, in the case of an individual who  
8 becomes an employee or Member after a break in service for a  
9 period that includes January 1, 1987, not later than 1 year  
10 after the date on which the individual resumes service.

11 `` (2) Except as provided in section 8472(d) of this  
12 title, any individual who makes the election authorized by  
13 paragraph (1) of this subsection shall retain accrued credit  
14 for entitlement to benefits under subchapter III of chapter  
15 83 of title 5, United States Code, for service performed  
16 while subject to such subchapter.

17 `` (3) An individual referred to in paragraph (1) of this  
18 subsection who becomes an employee or Member after a break in  
19 service for a period that includes January 1, 1987, may make  
20 deposits under section 8334 of this title for service  
21 performed before such date while subject to subchapter III of  
22 chapter 83 of this title.

23 `` (b) Except as provided in section 8472(d) of this  
24 title, any individual who--

25 `` (1) has an unrefunded lump-sum credit in the Fund

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1 under subchapter III of chapter 83 of this title,  
2 "(2) is required by section 8402 of this title to be  
3 a participant, and  
4 "(3) is not a participant referred to in section  
5 8473(a) of this title,  
6 shall retain accrued credit for entitlement to benefits under  
7 such subchapter for service performed while subject to such  
8 subchapter.  
9 "(c) Except as provided in section 8472(d) of this  
10 title, any individual who--  
11 "(1) has received a refund of a lump-sum credit in  
12 the Fund under subchapter III of chapter 83 of this  
13 title,  
14 "(2) is required by section 8402 of this title to be  
15 a participant, and  
16 "(3) is not a participant referred to in section  
17 8473(a) of this title,  
18 may make deposits under section 8334 of this title for  
19 service performed before January 1, 1987, while subject to  
20 subchapter III of chapter 83 of this title and shall, upon  
21 making such deposits, be entitled to credit under such  
22 subchapter for service covered by the deposits.  
23 "(d) Survivor benefits shall be payable as provided in  
24 subchapter III of chapter 83 of this title and this chapter  
25 to the extent of the service creditable under such subchapter



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1 (pursuant to this section) and this chapter in the case of a  
2 participant referred to in subsection (a), (b), or (c) of  
3 this section.

4 ``§ 8472. Special rules for participants retaining

5 entitlement in the Civil Service Retirement and  
6 Disability System

7 ``(a) Service that is creditable under subchapter III of  
8 chapter 83 of this title in the case of an individual who  
9 elects to be a participant or who retains entitlement in the  
10 Civil Service Retirement and Disability System under section  
11 8471 of this title shall be credited as service under this  
12 chapter only--

13 ``(1) for the purposes of determining eligibility to  
14 retire entitled to an annuity under section 8411 or 8412  
15 of this title and entitlement for disability benefits  
16 under subchapter V of this chapter;

17 ``(2) for the purpose of considering such service as  
18 years of participation in the System for the purposes of  
19 section 8422 of this title (relating to vesting under the  
20 thrift savings plan); and

21 ``(3) for the purpose of determining the percent to  
22 apply under the applicable formula prescribed in section  
23 8413(a)(1) of this title with respect to service which is  
24 creditable for all purposes under this chapter.

25 ``(b) Service performed as a participant in the System by

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1 an individual referred to in subsection (a) of this section  
2 shall be credited under subchapter III of chapter 83 of this  
3 title only for the purpose of determining eligibility to  
4 retire entitled to an annuity under section 8335, 8336, or  
5 8338 of this title.

6     “(c)(1) The rates of basic pay in effect for an  
7 individual referred to in subsection (a) of this section on  
8 and after the date the individual begins to participate in  
9 the System shall be taken into account in computing the  
10 individual's average pay (as defined in section 8331(4) of  
11 this title) for the purposes of subchapter III of chapter 83  
12 of this title.

13     “(2) The rates of basic pay in effect for an individual  
14 referred to in subsection (a) of this section before the date  
15 the individual begins to participate in the System shall be  
16 taken into account in computing the individual's average pay  
17 for the purposes of this chapter.

18     “(d) Section 8337 of this title (relating to disability  
19 retirement) shall not apply in the case of a participant  
20 referred to in subsection (a).

21     “§ 8473. Participants subject to the Federal Employees'

22                     Retirement Contribution Temporary Adjustment

23                     Act of 1983

24     “(a)(1) The service of a participant with respect to  
25 which a reduced contribution is made under section 204(a) of

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1 the Federal Employees' Retirement Contribution Temporary  
2 Adjustment Act of 1983 (97 Stat. 1107; 5 U.S.C. 8331 note)  
3 shall be credited as service for the purposes of this chapter  
4 and shall be considered years of participation in the System  
5 for the purposes of section 8422(b)(1) of this title.

6 "(2) Paragraph (1) of this subsection shall not apply to  
7 a Member of Congress (as defined in section 2106 of this  
8 title) or to an individual described in section  
9 8471(a)(1)(A)(ii) of this title.

10 "(b)(1) On January 1, 1987, the amount computed under  
11 paragraph (2) of this subsection shall be transferred from  
12 the Fund to the Thrift Savings Fund in the case of a  
13 participant to whom subsection (a)(1) of this section  
14 applies. The amount transferred shall be credited to an  
15 account established for the individual pursuant to section  
16 8428(a) of this title.

17 "(2)(A) The amount transferred from the Fund in the case  
18 of a participant pursuant to paragraph (1) of this subsection  
19 shall be equal to the sum of--

20 "(1) two times the total amount deducted and  
21 withheld from the basic pay of the participant pursuant  
22 to section 204(a) of the Federal Employees' Retirement  
23 Contribution Temporary Adjustment Act of 1983 (97 Stat.  
24 1107; 5 U.S.C. 8331 note); and

25 "(ii) interest on the amount referred to in clause

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1 (1) of this subparagraph computed at the annual rate  
2 determined under the second sentence of this subparagraph  
3 and compounded annually, as if a fraction of such amount  
4 (determined as provided in subparagraph (B) of this  
5 paragraph) had been deposited to the credit of the Fund  
6 at the end of each month for which amounts were deducted  
7 and withheld from the basic pay of the participant as  
8 described in clause (1) of this subparagraph.

9 The annual rate referred to in clause (1) for an amount  
10 transferred from the Fund in any calendar year shall be equal  
11 to the interest rate determined for such calendar year under  
12 section 8334(e) of this title.

13 (B) In the case of any participant to whom paragraph  
14 (1) of this subsection applies--

15 (1) the numerator of the fraction referred to in  
16 subparagraph (A)(1) of this paragraph is one; and

17 (1) the denominator of the fraction is the number  
18 of months for which amounts were deducted and withheld  
19 from the basic pay of the participant as described in  
20 subparagraph (A)(1) of this paragraph.

21 (3) For the purposes of section 8422 of this title--

22 (A) one-half of the amount computed in the case of  
23 a participant referred to in subsection (a) of this  
24 section pursuant to paragraph (2) of this subsection  
25 shall be treated as a contribution made under section

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1 8421(a) of this title; and

2       “(B) one-half of such amount shall be treated as a  
3 contribution made by the employing agency of the  
4 participant pursuant to section 8421(b) of this title.

5       “(4) All amounts transferred from the Fund pursuant to  
6 paragraph (1) of this subsection shall be invested in the  
7 Government Securities Investment Fund established under  
8 section 8427(b)(1)(A) of this title.

9       “(c) The total amount of any deposit made to the Fund  
10 under section 8334(j) of this title (relating to deposits  
11 covering periods of military service) in the case of a  
12 participant referred to in subsection (a)(1) of this section  
13 shall be refunded to the participant. The refund shall be  
14 paid out of sums in the Fund.

15       “§ 8474. Reemployed annuitants under a Government retirement  
16 system.

17       “(a) For the purposes of this section--

18       “(1) the term ‘annuitant’--

19       “(A) in the case of the Civil Service Retirement  
20 and Disability System, shall have the same meaning  
21 provided in section 8331(9) of this title;

22       “(B) in the case of the Foreign Service  
23 Retirement and Disability System, shall have the same  
24 meaning provided in section 804(1) of the Foreign  
25 Service Act of 1980 (22 U.S.C. 4044(1)), except that

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1 such term does not include a survivor; and

2 `` (C) in the case of the Central Intelligence  
3 Agency Retirement and Disability System, means--

4 `` (i) any participant who is referred to in  
5 section 203 of the Central Intelligence Agency  
6 Retirement Act of 1964 for Certain Employees, and

7 `` (ii) any individual who formerly was such a  
8 participant,

9 entitled to an annuity from the Central Intelligence  
10 Agency Retirement and Disability Fund;

11 `` (2) the term 'Government retirement system' means--

12 `` (A) the Civil Service Retirement and Disability  
13 System under subchapter III of chapter 83 of this  
14 title;

15 `` (B) the Foreign Service Retirement and  
16 Disability System under chapter 8 of the Foreign  
17 Service Act of 1980 (22 U.S.C. 4041 et seq.); and

18 `` (C) the Central Intelligence Agency Retirement  
19 and Disability System under the Central Intelligence  
20 Agency Retirement Act of 1964 for Certain Employees  
21 (50 U.S.C. 403 note); and

22 `` (3) the term 'reemployed annuitant' means an  
23 annuitant who becomes employed by the Government after  
24 the effective date of the Federal Retirement Reform Act  
25 of 1985 and is required by section 8402 of this title to

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1 be a participant.

2 `` (b) A reemployed annuitant shall retain entitlement in  
3 the Government retirement system under which the annuitant  
4 was receiving an annuity.

5 `` (c)(1) Service that is creditable under the Government  
6 retirement system of a reemployed annuitant shall be credited  
7 under this chapter only for the purpose of determining  
8 eligibility to retire entitled to an annuity under section  
9 8411 of this title.

10 `` (2) Service performed as a reemployed annuitant shall  
11 not be creditable service for the purposes of the Government  
12 retirement system of the reemployed annuitant.

13 `` (d)(1) The rates of basic pay in effect for a  
14 reemployed annuitant on and after the date the annuitant  
15 begins to participate in the System shall be taken into  
16 account in computing the annuitant's average pay for the  
17 purposes of the Government retirement system under which the  
18 annuitant was receiving an annuity when the reemployment  
19 commenced.

20 `` (2) The rates of basic pay in effect for a reemployed  
21 annuitant before the date the annuitant begins to participate  
22 in the System shall be taken into account in computing the  
23 annuitant's average pay for the purposes of this chapter.

24 `` § 8475. Exemption from certain offset provisions of the  
25 Social Security Act





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1 acting as the officer in such office shall be a member of the  
2 Board while acting as such officer.

3     “(3) The Chairman of the Federal Reserve Board shall be  
4 the Chairman of the Board.

5     “(4) The members of the Board appointed under paragraph  
6 (1)(D) of this subsection shall serve until replaced by the  
7 President.

8     “(c) The Board shall--

9         “(1) establish policies for--

10             “(A) the investment and management of the Thrift  
11 Savings Fund; and

12             “(B) the administration of subchapter III of  
13 this chapter and the provisions of subchapter IV of  
14 this chapter which relate to survivor annuities  
15 payable out of the Thrift Savings Fund;

16         “(2) review the performance of investments made for  
17 the Thrift Savings Fund;

18         “(3) without regard to civil service and  
19 classification laws, fix the rate of pay of the Executive  
20 Director;

21         “(4) supervise the Executive Director; and

22         “(5) review and approve the budget of the Board.

23     “(d)(1) The Board may--

24         “(A) adopt, alter, and use a seal;

25         “(B) except as provided in paragraph (2) of this

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1 subsection, direct the Executive Director to take such  
2 action as the Board considers appropriate to carry out  
3 the provisions of this subchapter and subchapter III of  
4 this chapter, the provisions of subchapter IV of this  
5 chapter which relate to survivor annuities payable out of  
6 the Thrift Savings Fund, and the policies of the Board;

7 `` (C) upon the concurring votes of four members,  
8 remove the Executive Director from office for good cause  
9 shown after investigation by the Comptroller General of  
10 the United States and after considering any  
11 recommendations made by the Comptroller General with  
12 respect to the removal; and

13 `` (D) take such other action as may be necessary to  
14 carry out the functions of the Board.

15 `` (2) Except in the case of investments required by  
16 section 8427 of this title to be invested in securities of  
17 the Government, the Board may not direct the Executive  
18 Director or any contractor under a contract awarded under  
19 section 8494(c)(3) this title to invest or to cause to be  
20 invested any sums in the Thrift Savings Fund in a specific  
21 asset or to dispose of or cause to be disposed any specific  
22 asset of such Fund.

23 `` (e) The members of the Board shall discharge their  
24 responsibilities solely in the interest of participants and  
25 beneficiaries under this chapter.

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1 ``§ 8492. Federal Retirement Thrift Advisory Committee

2 `` (a)(1) The Board shall establish a Federal Retirement  
3 Thrift Advisory Committee (hereafter in this section referred  
4 to as the 'Advisory Committee').

5 `` (2)(A) The Advisory Committee shall be composed of 6  
6 members appointed as provided in subparagraph (B) of this  
7 paragraph.

8 `` (B) The members of the Advisory Committee shall be  
9 appointed by action agreed to by a majority of the members  
10 the Board. Three of the members of the Advisory Committee  
11 shall be appointed from among investment asset managers not  
12 employed by the Government and three of the members of the  
13 Advisory Committee shall be appointed from among  
14 administrators of thrift savings plans established for  
15 employees of private sector enterprises.

16 `` (3) The Board shall prescribe the terms and conditions  
17 of service of the members of the Advisory Committee.

18 `` (b) The Advisory Committee shall--

19 `` (1) advise the Board and the Executive Director on  
20 matters relating to--

21 `` (A)(i) investment policy for the Thrift Savings  
22 Fund;

23 `` (ii) selection of the types of investment funds  
24 which are appropriate for investment of sums in the  
25 Thrift Savings Fund; and

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1           “(iii) selection of investment managers for the  
2           purpose of contracting for the administration of  
3           investment funds under section 8494(c)(2) of this  
4           title; and

5           “(B)(1) the performance of the duties of the  
6           Board and the Executive Director under the provisions  
7           of this subchapter and subchapter III of this chapter  
8           and the provisions of subchapter IV of this chapter  
9           which relate to survivor annuities payable out of the  
10          Thrift Savings Fund; and

11          “(11) the administration of such provisions; and

12          “(2) review the performance of investments made for  
13          the Thrift Savings Fund.

14    “§ 8493. Employee Advisory Committee

15          “(a) The Board shall establish an Employee Advisory  
16          Committee. The Employee Advisory Committee shall be composed  
17          of 5 members, elected in accordance with subsection (b) of  
18          this section, each of whom is a participant and has an  
19          account balance in the Thrift Savings Fund.

20          “(b)(1) For the purposes of this subsection, the term  
21          ‘voting participant’ means a participant who has an account  
22          balance in the Thrift Savings Fund.

23          “(2) The members of the Employee Advisory Committee  
24          shall be elected by majority vote of the voting participants  
25          that vote in accordance with this subsection and the

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1 regulations prescribed by the Executive Director.

2       “(3) Each voting participant shall have one vote for  
3 each vacancy on the Employee Advisory Committee. For each  
4 election, a voting participant shall be entitled to cast only  
5 one vote for an individual nominee.

6       “(4) Nominations for the election of members to the  
7 Employee Advisory Committee shall be solicited from voting  
8 participants. Each nominee shall have the opportunity, in  
9 accordance with the regulations prescribed by the Executive  
10 Director, to submit a brief statement to voting participants  
11 in connection with the election.

12       “(5) Run-off elections shall be held in accordance with  
13 the regulations prescribed by the Executive Director

14       “(6) Each member of the Employee Advisory Committee  
15 shall serve for a term of 2 years, except that, in accordance  
16 with regulations prescribed by the Executive Director, 3 of  
17 the first 5 members shall serve for a term of 3 years. In the  
18 event that a member, for any reason, fails to complete his or  
19 her term, an election will be held, in accordance with  
20 regulations prescribed by the Executive Director, to fill  
21 that vacancy for the remainder of the member's term.

22       “(c) The Employee Advisory Committee shall act by  
23 resolution of a majority of the members.

24       “(d) The Employee Advisory Committee shall--

25               “(1) advise the Board and the Executive Director on

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1 matters relating to--

2        “(A) investment policies for the Thrift Savings  
3 Fund, and

4        “(B) selection of the types of investment funds  
5 that are appropriate for investment of sums in the  
6 Thrift Savings Fund;

7        “(2) advise the Executive Director regarding  
8 exclusion of stocks from the Common Stock Index  
9 Investment Fund for the purposes of section 8427(b)(2)(C)  
10 of this title;

11       “(3) exercise all rights as shareholders with  
12 respect to stocks purchased for investments of the Common  
13 Stock Index Investment Fund; and

14       “(4) perform such other duties, as the Board may  
15 direct, with respect to investment funds established in  
16 accordance with section 8427(b)(1)(D) of this title.

17 “§ 8494. Executive Director

18       “(a)(1) The Board shall appoint an Executive Director by  
19 action agreed to by a majority of the members of the Board.  
20 The Executive Director shall have substantial experience,  
21 training, or expertise in the management of financial  
22 investments.

23       “(2) The Board shall prescribe the terms and conditions  
24 of service of the Executive Director.

25       “(b) The Executive Director shall--

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1            “(1) carry out the policies established by the  
2 Board;

3            “(2) invest and manage the Thrift Savings Fund in  
4 accordance with the investment and other policies  
5 established by the Board;

6            “(3) provide for payment of annuities and other  
7 authorized distributions from the Thrift Savings Fund  
8 under this chapter, by the Office or otherwise; and

9            “(4) administer the provisions of this subchapter  
10 and subchapter III of this chapter and the provisions of  
11 subchapter IV of this chapter which relate to survivor  
12 annuities payable out of the Thrift Savings Fund.

13           “(c) The Executive Director, may--

14           “(1) prescribe regulations to carry out the  
15 responsibilities of the Executive Director under this  
16 section, other than regulations relating to fiduciary  
17 responsibilities;

18           “(2) without regard to civil service and  
19 classification laws, appoint, employ, and fix the  
20 compensation of such personnel as may be necessary to  
21 carry out the provisions of this subchapter and  
22 subchapter III of this chapter and the provisions of  
23 subchapter IV of this chapter which relate to survivor  
24 annuities payable out of the Thrift Savings Fund;

25           “(3) enter into such contracts or other arrangements

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1 (including contracts for the performance of  
2 administrative services), and make such modifications  
3 thereof, as may be appropriate to carry out the  
4 provisions of this subchapter and section 8427 of this  
5 title and the policies of the Board;

6 "(4) except as provided in section 552a of this  
7 title, obtain from any Federal agency, including any  
8 independent establishment or instrumentality of the  
9 United States, advice, information, estimates,  
10 statistics, and such other assistance as the Executive  
11 Director considers necessary to carry out the provisions  
12 of this subchapter and subchapter III of this chapter,  
13 the provisions of subchapter IV of this chapter which  
14 relate to survivor annuities payable out of the Thrift  
15 Savings Fund, and the policies of the Board;

16 "(5) make such payments out of sums in the Thrift  
17 Savings Fund as the Executive Director determines are  
18 necessary to carry out the provisions of this subchapter,  
19 subchapter III of this chapter, the provisions of  
20 subchapter IV of this chapter which relate to survivor  
21 annuities payable out of the Thrift Savings Fund, and the  
22 policies of the Board;

23 "(6) pay the compensation, per diem, and travel  
24 expenses of personnel from the Thrift Savings Fund;

25 "(7) accept and utilize the services of individuals



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1 employed intermittently in the Government service and  
2 reimburse such individuals for travel expenses, as  
3 authorized by section 5703 of this title, including per  
4 diem as authorized by section 5702 of this title;

5 "(8) except as otherwise expressly prohibited by law  
6 or the policies of the Board, delegate any of the  
7 Executive Director's functions to such officers and  
8 employees under the Board as the Executive Director may  
9 designate and authorize such successive redelegations of  
10 such functions to such officers and employees under the  
11 Board as the Executive Director may consider to be  
12 necessary or appropriate; and

13 "(9) take such other actions as are appropriate to  
14 carry out the functions of the Executive Director.

15 "§ 8495. Investment policy

16 "The Board shall develop investment policies under  
17 section 8491(c)(1) of this title which provide for--

18 "(1) prudent investments suitable for accumulating  
19 funds for payment of retirement income;

20 "(2) low administrative costs; and

21 "(3) investments likely to receive broad acceptance  
22 by participants and the public, taking into consideration  
23 the views of the Employee Advisory Committee.

24 "§ 8496. Administrative provisions

25 "(a) The Board shall meet--

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1           ``(1) not less than once during each fiscal year; and

2           ``(2) at additional times at the call of the

3           Chairman.

4           ``(b)(1) Except as provided in section 8491(d)(1)(C) of

5           this title, the Board shall perform the functions and

6           exercise the powers of the Board on a majority vote of a

7           quorum of the Board.

8           ``(2) A vacancy on the Board shall not impair the

9           authority of a quorum of the Board to perform the functions

10          and exercise the powers of the Board.

11          ``(c) Three members of the Board shall constitute a

12          quorum for the transaction of business.

13          ``(d)(1) Each member of the Board who is not an officer

14          or employee of the Federal Government, each member of the

15          Employee Advisory Committee who is not an employee or Member,

16          and each member of the Federal Retirement Thrift Advisory

17          Committee shall be compensated at the daily rate of basic pay

18          payable for grade GS-18 under the General Schedule for each

19          day or part thereof during which such member is engaged in

20          performing a function of the Board or the Federal Retirement

21          Thrift Advisory Committee, as the case may be.

22          ``(2) A member of the Board, the Federal Retirement

23          Thrift Advisory Committee, or the Employee Advisory Committee

24          shall be paid travel, per diem, and other necessary expenses

25          under subchapter I of chapter 57 of this title while

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1 traveling away from his home or regular place of business in  
2 the performance of the duties of the Board, the Federal  
3 Retirement Thrift Advisory Committee, or the Employee  
4 Advisory Committee, as the case may be.

5     “(e) The accrued annual leave of any employee who is a  
6 member of the Board or the Employee Advisory Committee shall  
7 not be charged for any time used in performing service for  
8 the Board or such committee during any work period.

9     “(f) Section 14(a)(2) of the Federal Advisory Committee  
10 Act (86 Stat. 776; 5 U.S.C. App.) shall not apply to the  
11 Federal Retirement Thrift Advisory Committee or the Employee  
12 Advisory Committee.

13     “§ 8497. Fiduciary responsibilities; liability and penalty

14     “(a) For the purposes of this section--

15         “(1) the term ‘fiduciary’ means--

16             “(A) each member of the Federal Retirement  
17 Thrift Advisory Committee and the Executive Director;

18             “(B) any person who has or exercises  
19 discretionary authority or discretionary control over  
20 the management or disposition of the assets of the  
21 Thrift Savings Fund;

22             “(C) each member of the Employee Advisory  
23 Committee with respect to the member’s duties in  
24 connection with the Common Stock Index Investment  
25 Fund, except with respect to the performance of the

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1 function referred to in section 8427(b)(2)(C) of this  
2 title; and

3 `` (D) any person who, with respect to the Thrift  
4 Savings Fund, is described in section 3(21)(A) of the  
5 Employee Retirement Income Security Act of 1974 (29  
6 U.S.C. 1002(21)(A));

7 except that, such term does not include the members of  
8 the Board;

9 `` (2) the term 'party in interest' includes--

10 `` (A) any fiduciary;

11 `` (B) any counsel to a person who is a fiduciary,  
12 with respect to the actions of such person as a  
13 fiduciary;

14 `` (C) any participant;

15 `` (D) any person providing services to the Board  
16 and any person providing services to the Executive  
17 Director, with respect to the actions of the  
18 Executive Director as a fiduciary;

19 `` (E) a labor organization the members of which  
20 are participants;

21 `` (F) a spouse, sibling, ancestor, lineal  
22 descendant, or spouse of a lineal descendant of a  
23 person described in subclause (A), (B), or (D) of  
24 this clause;

25 `` (G) a corporation, partnership, or trust or

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1 estate of which, or in which, 50 percent or more of--

2       “(i) the combined voting power of all  
3 classes of stock entitled to vote or the total  
4 value of shares of all classes of stock of such  
5 corporation;

6       “(ii) the capital interest or profits  
7 interest of such partnership; or

8       “(iii) the beneficial interest of such trust  
9 or estate,

10 is owned directly or indirectly, or held by a person  
11 described in subclause (A), (B), (D), or (E) of this  
12 clause;

13       “(H) an employee, officer, director, or an  
14 individual having powers or responsibilities similar  
15 to those of an officer and director, or a holder  
16 (directly or indirectly) of 10 percent or more of the  
17 shares of a corporation referred to in subclause (G)  
18 of this clause; and

19       “(I) an employee, officer, director, or an  
20 individual having powers or responsibilities similar  
21 to those of an officer and director, or a person who,  
22 directly or indirectly, is at least a 10 percent  
23 partner or joint venturer (measured in capital or  
24 profits) in a person described in subclause (A), (B),  
25 (D), (E), or (G) of this clause;

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1           “(3) the term ‘person’ means an individual,  
2 partnership, joint venture, corporation, mutual company,  
3 joint-stock company, trust, estate, unincorporated  
4 organization, association, or labor organization; and

5           “(4) the term ‘adequate consideration’ means--

6               “(A) in the case of a security for which there  
7 is a generally recognized market--

8                   “(1) the price of the security prevailing on  
9 a national securities exchange which is  
10 registered under section 6 of the Securities  
11 Exchange Act of 1934; or

12                   “(11) if the security is not traded on such  
13 a national securities exchange, a price not less  
14 favorable to the Thrift Savings Fund than the  
15 offering price for the security as established by  
16 the current bid and asked prices quoted by  
17 persons independent of the issuer and of any  
18 party in interest; and

19               “(B) in the case of an asset other than a  
20 security for which there is a generally recognized  
21 market, the fair market value of the asset as  
22 determined in good faith by the fiduciary or  
23 fiduciaries in accordance with regulations prescribed  
24 by the Secretary of Labor.

25           “(b)(1) To the extent not inconsistent with the

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1 provisions of this chapter and the policies prescribed by the  
2 Board, a fiduciary shall discharge his responsibilities with  
3 respect to the Thrift Savings Fund or applicable portion  
4 thereof solely in the interest of the participants and  
5 beneficiaries and--

6        “(A) for the exclusive purpose of--

7           “(1) providing benefits to participants and  
8           their beneficiaries; and

9           “(ii) defraying reasonable expenses of  
10          administering the Thrift Savings Fund or applicable  
11          portions thereof;

12        “(B) with the care, skill, prudence, and diligence  
13          under the circumstances then prevailing that a prudent  
14          individual acting in a like capacity and familiar with  
15          such matters would use in the conduct of an enterprise of  
16          a like character and with like objectives; and

17        “(C) to the extent permitted by section 8427 of this  
18          title, by diversifying the investments of the Thrift  
19          Savings Fund or applicable portions thereof so as to  
20          minimize the risk of large losses, unless under the  
21          circumstances it is clearly prudent not to do so.

22        “(2) No fiduciary may maintain the indicia of ownership  
23          of any assets of the Thrift Savings Fund outside the  
24          jurisdiction of the district courts of the United States.

25        “(c)(1) A fiduciary shall not permit the Thrift Savings

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1 Fund to engage in any of the following transactions, except  
2 in exchange for adequate consideration:

3       “(A) A transfer of any assets of the Thrift Savings  
4 Fund to any person the fiduciary knows or should know to  
5 be a party in interest or the use of such assets by any  
6 such person.

7       “(B) An acquisition of any property from or sale of  
8 any property to the Thrift Savings Fund by any person the  
9 fiduciary knows or should know to be a party in interest.

10       “(C) A transfer or exchange of services between the  
11 Thrift Savings Fund and any person the fiduciary knows or  
12 should know to be a party in interest.

13       “(2) Notwithstanding paragraph (1) of this subsection, a  
14 fiduciary with respect to the Thrift Savings Fund shall not--

15       “(A) deal with any assets of the Thrift Savings Fund  
16 in his own interest or for his own account;

17       “(B) act, in an individual capacity or any other  
18 capacity, in any transaction involving the Thrift Savings  
19 Fund on behalf of a party, or representing a party, whose  
20 interests are adverse to the interests of the Thrift  
21 Savings Fund or the interests of its participants or  
22 beneficiaries;

23       “(C) receive any consideration for his own personal  
24 account from any party dealing with sums credited to the  
25 Thrift Savings Fund in connection with a transaction



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1 involving assets of the Thrift Savings Fund.

2 `` (d) This section does not prohibit any fiduciary from--

3 `` (1) receiving any benefit which the fiduciary is

4 entitled to receive under this chapter as a participant,

5 a former participant, or a beneficiary of a participant

6 or former participant;

7 `` (2) receiving any reasonable compensation

8 authorized by this title for services rendered, or for

9 reimbursement of expenses properly and actually incurred,

10 in the performance of the fiduciary's duties under this

11 chapter; or

12 `` (3) serving as a fiduciary in addition to being an

13 officer, employee, agent, or other representative of a

14 party in interest.

15 `` (e)(1)(A) Any fiduciary that breaches the

16 responsibilities, duties, and obligations set out in

17 subsection (b) of this section or violates subsection (c) of

18 this section shall be liable to the Thrift Savings Fund for

19 any losses to such fund resulting from each such breach or

20 violation and to restore to such fund any profits made by the

21 fiduciary through use of assets of such fund by the

22 fiduciary, and shall be subject to such other equitable or

23 remedial relief as a court considers appropriate. A fiduciary

24 may be removed for a breach referred to in the preceding

25 sentence.

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1       “(B) The Secretary of Labor may assess a civil penalty  
2 against a party in interest with respect to each transaction  
3 which is engaged in by the party in interest and is  
4 prohibited by subsection (c) of this section. The amount of  
5 such penalty shall be equal to 5 percent of the amount  
6 involved in each such transaction (as defined in section  
7 4975(f)(4) of the Internal Revenue Code of 1954) for each  
8 year or part thereof during which the prohibited transaction  
9 continues; except that, if the transaction is not corrected  
10 (in such manner as the Secretary of Labor shall prescribe by  
11 regulation consistent with section 4975(f)(5) of the Internal  
12 Revenue Code of 1954) within 90 days after the date the  
13 Secretary of Labor transmits notice to the party in interest  
14 (or such longer period as the Secretary of Labor may permit),  
15 such penalty may be in an amount not more than 100 percent of  
16 the amount involved.

17       “(C) A fiduciary shall not be liable under subparagraph  
18 (A) of this paragraph with respect to a breach of fiduciary  
19 duty under subsection (b) of this section committed before  
20 becoming a fiduciary or after ceasing to be a fiduciary.

21       “(D) A fiduciary shall be jointly and severally liable  
22 under subparagraph (A) of this paragraph for a breach of  
23 fiduciary duty under subsection (b) of this section by  
24 another fiduciary if--

25           “(i) the fiduciary participates knowingly in, or

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1 knowingly undertakes to conceal, an act or omission of  
2 such other fiduciary, knowing such act or omission is  
3 such a breach;

4 ``(ii) by the fiduciary's failure to comply with  
5 subsection (b) of this section in the administration of  
6 the fiduciary's specific responsibilities which give rise  
7 to the fiduciary status, the fiduciary has enabled such  
8 other fiduciary to commit such a breach; or

9 ``(iii) the fiduciary has knowledge of a breach by  
10 such other fiduciary, unless the fiduciary makes  
11 reasonable efforts under the circumstances to remedy the  
12 breach.

13 ``(E) The Secretary of Labor shall prescribe, in  
14 regulations, procedures for allocating fiduciary  
15 responsibilities among fiduciaries, including investment  
16 managers. Any fiduciary who, pursuant to such procedures,  
17 allocates to a person or persons any fiduciary responsibility  
18 shall not be liable for an act or omission of such person or  
19 persons unless--

20 ``(i) such fiduciary violated subsection (b) of this  
21 section with respect to the allocation, with respect to  
22 the implementation of the procedures prescribed by the  
23 Board, or in continuing such allocation; or

24 ``(ii) such fiduciary would otherwise be liable in  
25 accordance with subparagraph (D) of this paragraph.

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1       “(2) A civil action may be brought in the district  
2 courts of the United States--

3           “(A) by the Secretary of Labor--

4               “(1) to determine and enforce a liability under  
5 paragraph (1)(A) of this subsection;

6               “(11) to collect any civil penalty under  
7 paragraph (1)(B) of this subsection; or

8               “(111) to enjoin any act or practice which  
9 violates subsection (d)(2) or (e) of section 8491 of  
10 this title;

11           “(B) by the Secretary of Labor, any participant,  
12 annuitant, former participant who is entitled to a  
13 deferred annuity under section 8412 of this title, other  
14 beneficiary, or fiduciary--

15               “(1) to enjoin any act or practice which  
16 violates any provision of subsection (b) or (c) of  
17 this section; or

18               “(11) to obtain any other appropriate equitable  
19 relief to redress a violation of any such provision;

20           or

21           “(C) by any participant, annuitant, former  
22 participant entitled to a deferred annuity under section  
23 8412 of this title, or other beneficiary to recover  
24 benefits due to him or her under the provisions of this  
25 chapter, to enforce his or her rights under such

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1 provisions, or to clarify his or her rights to future  
2 benefits under such provisions.

3 `` (3) An action may not be commenced under paragraph (2)  
4 of this subsection with respect to a fiduciary's breach of  
5 any responsibility, duty, or obligation under subsection (b)  
6 of this section or a violation of subsection (c) of this  
7 section after the earlier of--

8 `` (A) 6 years after (i) the date of the last action  
9 which constituted a part of the breach or violation, or  
10 (ii) in the case of an omission, the latest date on which  
11 the fiduciary could have cured the breach or violation;  
12 or

13 `` (B) 3 years after the earliest date on which the  
14 plaintiff had actual knowledge of the breach or  
15 violation; except that, in the case of fraud or  
16 concealment, such action may be commenced not later than  
17 6 years after the date of discovery of such breach or  
18 violation.

19 `` (4)(A) Except for actions under paragraph (2)(C) of  
20 this subsection, the district courts of the United States  
21 shall have exclusive jurisdiction of civil actions under this  
22 subsection. State courts of competent jurisdiction and  
23 district courts of the United States shall have concurrent  
24 jurisdiction of actions under paragraph (2)(C) of this  
25 subsection.

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1       “(B) An action under this subsection may be brought in  
2 the District Court of the United States for the District of  
3 Columbia or a district court of the United States in the  
4 district where the breach alleged in the complaint or  
5 petition filed in the action took place or in the district  
6 where a defendant resides or may be found. Process may be  
7 served in any other district where a defendant resides or may  
8 be found.

9       “(5)(A) A copy of the complaint or petition filed in any  
10 action brought under this subsection (other than by the  
11 Secretary of Labor) shall be served on the Director, the  
12 Executive Director, the Secretary of Labor, and the Secretary  
13 of the Treasury by certified mail.

14       “(B) Any officer referred to in subparagraph (A) of this  
15 paragraph shall have the right in his discretion to intervene  
16 in any action. If the Secretary of Labor brings an action  
17 under paragraph (2) of this subsection on behalf of a  
18 participant or beneficiary, he shall notify the Director, the  
19 Executive Director, and the Secretary of the Treasury.

20       “(f) The Secretary of Labor may prescribe regulations to  
21 carry out this section, and may prescribe regulations  
22 exempting a person or class of persons from the requirements  
23 of this section.

24       “(g) The Secretary of Labor, in consultation with the  
25 Comptroller General of the United States, shall establish a

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1 program to carry out regular audits to determine the level of  
2 compliance with the requirements of this section relating to  
3 fiduciary responsibilities and prohibited activities of  
4 fiduciaries.

5 ``§ 8498. Bonding

6 `` (a)(1) Except as provided in paragraph (2) of this  
7 subsection, each fiduciary and each person who handles funds  
8 or property of the Thrift Savings Fund shall be bonded as  
9 provided in this section.

10 `` (2)(A) Bond shall not be required of a fiduciary (or of  
11 any director, officer, or employee of such fiduciary) if such  
12 fiduciary--

13 `` (i) is a corporation organized and doing business  
14 under the laws of the United States or of any State;

15 `` (ii) is authorized under such laws to exercise  
16 trust powers or to conduct an insurance business;

17 `` (iii) is subject to supervision or examination by  
18 Federal or State authority; and

19 `` (iv) has at all times a combined capital and  
20 surplus in excess of such minimum amount (not less than  
21 \$1,000,000) as the Secretary of Labor prescribes in  
22 regulations.

23 `` (B) If--

24 `` (1) a bank or other financial institution would,  
25 but for this subparagraph, not be required to be bonded

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1 under this section by reason of the application of the  
2 exception provided in subparagraph (A) of this paragraph,

3 "(ii) the bank or financial institution is  
4 authorized to exercise trust powers, and

5 "(iii) the deposits of the bank or financial  
6 institution are not insured by the Federal Deposit  
7 Insurance Corporation or the Federal Savings and Loan  
8 Insurance Corporation,

9 such exception shall apply to such bank or financial  
10 institution only if the bank or institution meets bonding  
11 requirements under State law which the Secretary of Labor  
12 determines are at least equivalent to those imposed on banks  
13 by Federal law.

14 "(b)(1) The Secretary of Labor shall prescribe the  
15 amount of a bond under this section at the beginning of each  
16 fiscal year. Except as otherwise provided in this paragraph,  
17 such amount shall not be less than 10 per centum of the  
18 amount of funds handled. In no case shall such bond be less  
19 than \$1,000 nor more than \$500,000, except that the Secretary  
20 of Labor, after due notice and opportunity for hearing to all  
21 interested parties, and other consideration of the record,  
22 may prescribe an amount in excess of \$500,000.

23 "(2) For the purpose of prescribing the amount of a bond  
24 under paragraph (1) of this subsection, the amount of funds  
25 handled shall be determined by reference to the amount of the



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1 funds handled by the person, group, or class to be covered by  
2 such bond or by their predecessor or predecessors, if any,  
3 during the preceding fiscal year, or to the amount of funds  
4 to be handled during the current fiscal year by such person,  
5 group, or class, estimated as provided in regulations  
6 prescribed by the Secretary of Labor.

7     “(c) A bond required by subsection (a) of this section--

8         “(1) shall include such terms and conditions as the  
9 Secretary of Labor considers necessary to protect the  
10 Thrift Savings Fund against loss by reason of acts of  
11 fraud or dishonesty on the part of the bonded person  
12 directly or through connivance with others;

13         “(2) shall have as surety thereon a corporate surety  
14 company which is an acceptable surety on Federal bonds  
15 under authority granted by the Secretary of the Treasury  
16 pursuant to sections 6 through 13 of title 6, United  
17 States Code; and

18         “(3) shall be in a form or of a type approved by the  
19 Secretary of Labor, including individual bonds or  
20 schedule or blanket forms of bonds which cover a group or  
21 class.

22     “(d)(1) It shall be unlawful for any person to whom  
23 subsection (a) of this section applies, to receive, handle,  
24 disburse, or otherwise exercise custody or control of any of  
25 the funds or other property of the Thrift Savings Fund

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1 without being bonded as required by this section.

2       “(2) It shall be unlawful for any fiduciary, or any  
3 other person having authority to direct the performance of  
4 functions described in paragraph (1) of this subsection, to  
5 permit any such function to be performed by any person to  
6 whom subsection (a) of this section applies unless such  
7 person has met the requirements of such subsection.

8       “(e) Notwithstanding any other provision of law, any  
9 person who is required to be bonded as provided in subsection  
10 (a) of this section shall be exempt from any other provision  
11 of law which would, but for this subsection, require such  
12 person to be bonded for the handling of the funds or other  
13 property of the Thrift Savings Fund.

14       “(f) The Secretary of Labor shall prescribe regulations  
15 to carry out the provisions of this section and may prescribe  
16 regulations exempting a person or class of persons from the  
17 requirements of this section.

18       “§ 8499. Exculpatory provisions; insurance

19       “(a) Any provision in an agreement or instrument which  
20 purports to relieve a fiduciary from responsibility or  
21 liability for any responsibility, obligation, or duty under  
22 this subchapter shall be void.

23       “(b)(1) The Executive Director may require employing  
24 agencies to contribute an amount not to exceed 1 percent of  
25 the amount such agencies are required to contribute in

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1 accordance with section 8421(b) of this title to the Thrift  
2 Savings Fund.

3 `` (2) The sums credited to the Thrift Savings Fund under  
4 paragraph (1) of this subsection shall be available and may  
5 be used at the discretion of the Executive Director to  
6 purchase insurance to cover potential liability of persons  
7 who serve in a fiduciary capacity with respect to the Thrift  
8 Savings Fund, without regard to whether a policy of insurance  
9 permits recourse by the insurer against the fiduciary in the  
10 case of a breach of a fiduciary obligation.''.

11 (b) The table of chapters at the beginning of part III of  
12 such title is amended by inserting after the item relating to  
13 chapter 83 the following new item:

``84. Federal Retirement System..... 8401.''.

14 TITLE II--AMENDMENTS RELATING TO SOCIAL SECURITY

15 AMENDMENTS TO THE SOCIAL SECURITY ACT

16 Sec. 201. Section 210(a)(5) of the Social Security Act is  
17 amended--

18 (1) by striking out ``or'' at the end of subparagraph

19 (F);

20 (2) by striking out the semicolon at the end of  
21 subparagraph (G) and inserting in lieu thereof `` , or'';

22 and

23 (3) by adding at the end thereof the following new  
24 subparagraph:

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1           “(H) service performed by an individual after  
2           such individual has commenced participation in the  
3           Federal Retirement System pursuant to section 8471 of  
4           title 5, United States Code;”.

5           **AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954**

6           **Sec. 202. Section 3121(b)(5) of the Internal Revenue Code**  
7 of 1954 is amended--

8           (1) by striking out “or” at the end of subparagraph  
9           (F);

10           (2) by striking out the semicolon at the end of  
11           subparagraph (G) and inserting in lieu thereof “, or”;  
12           and

13           (3) by adding at the end thereof the following new  
14           subparagraph:

15           “(H) service performed by an individual after  
16           such individual has commenced participation in the  
17           Federal Retirement System pursuant to section 8471 of  
18           title 5, United States Code;”.

19           **TITLE III--MISCELLANEOUS AND CONFORMING AMENDMENTS**

20           **EXTENSION OF FEDERAL EMPLOYEES' RETIREMENT CONTRIBUTION**

21           **TEMPORARY ADJUSTMENT ACT OF 1983**

22           **Sec. 301. (a) Sections 202(1), 202(6), 203(a)(4)(A),**  
23           **203(a)(4)(B), 204(a), 206(b)(2)(A)(1), and 206(c)(3) of the**  
24           **Federal Employees' Retirement Contribution Temporary**  
25           **Adjustment Act of 1983 (97 Stat. 1106; 5 U.S.C. 8331 note)**

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1 are amended by striking out ``January 1, 1986'' each place it  
2 appears and inserting in lieu thereof ``January 1, 1987''.

3 (b) Section 205 of such Act is amended by striking out  
4 ``and 1986'' in subsections (b) and (c) and inserting in lieu  
5 thereof ``1986, and 1987''.

6 MISCELLANEOUS AMENDMENTS TO CHAPTER 83 OF TITLE 5, UNITED  
7 STATES CODE

8 Sec. 302. (a) Section 8331(1)(G) of title 5, United  
9 States Code, is amended to read as follows:

10 `` (G) an individual first employed by the  
11 government of the District of Columbia before January  
12 1, 1987;''.

13 (b) Section 8332 of such title is amended by adding at  
14 the end thereof the following new subsection:

15 `` (n) Except as provided in section 8472(b) of this  
16 title, service performed while a participant in the Federal  
17 Retirement System under chapter 84 of this title is not  
18 creditable under this section.``.

19 (c)(1) The first sentence of section 8333(b) of such  
20 title is amended by inserting ``or chapter 84 of this title''  
21 after ``subject to this subchapter''.

22 (2) Section 8333(c) of such title is amended by adding at  
23 the end thereof the following new sentence: ``The  
24 requirements of the first sentence shall apply only with  
25 respect to the civilian service performed by a Member while

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1 not a participant in the Federal Retirement System under  
2 chapter 84 of this title.".

3 (d) Subsection (a) of section 8334 of such title is  
4 amended--

5 (1) in the first sentence of paragraph (1), by  
6 striking out "The employing" and inserting in lieu  
7 thereof "Except as provided in paragraph (3) of this  
8 subsection, the employing"; and

9 (2) by adding at the end thereof the following new  
10 paragraph:

11 "(3)(A) In the case of an employee or Member who was  
12 subject to this subchapter before January 1, 1984, and whose  
13 service--

14 "(1) is employment for the purposes of title II of  
15 the Social Security Act and chapter 21 of the Internal  
16 Revenue Code of 1954; and

17 "(ii) is not creditable service for any purpose  
18 under chapter 84 of this title,

19 an employing agency shall deduct and withhold from the basic  
20 pay of the employee or Member under paragraph (1) of this  
21 subsection during any pay period only the amount computed  
22 pursuant to subparagraph (B) of this paragraph.

23 "(B) The amount deducted and withheld from basic pay  
24 during any pay period pursuant to subparagraph (A) of this  
25 paragraph in the case of an employee or Member referred to in

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1 such subparagraph shall be the excess of--

2       “(1) the amount determined by multiplying the  
3 percent applicable to the employee or Member under  
4 paragraph (1) of this subsection by the basic pay payable  
5 for such pay period, over

6       “(11) the amount of the taxes deducted and withheld  
7 from such basic pay under section 3101(a) of the Internal  
8 Revenue Code of 1954 for such pay period.”.

9       (e) Section 8339 of such title is amended by adding at  
10 the end thereof the following new subsection:

11       “(o)(1) Effective on the first day of the month in which  
12 an annuitant or a survivor annuitant becomes 62 years of age,  
13 the annuity or survivor annuity computed under the other  
14 subsections of this section and payable to the annuitant or a  
15 survivor annuitant shall be reduced (but not below zero) by  
16 the amount determined by multiplying the amount of the old-  
17 age and survivors insurance benefits which the annuitant or  
18 survivor annuitant is entitled to receive under section 202  
19 of the Social Security Act for the such month, if any, by a  
20 fraction--

21       “(A) the numerator of which is the total of the  
22 wages (within the meaning of section 209 of the Social  
23 Security Act) for service which is referred to in  
24 paragraph (2) of this subsection for years before the  
25 calendar year in which such month occurs, and

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1           “(B) the denominator of which is the total of all  
2 wages (within the meaning of section 209 of the Social  
3 Security Act) and all self-employment income (within the  
4 meaning of section 211(b) of the Social Security Act)--

5           “(1) of such annuitant, or

6           “(11) in the case of a survivor annuitant, of  
7 the employee or Member on whose service the survivor  
8 annuity is based,

9 credited for years after 1936 and before the calendar  
10 year in which such month occurs.

11          “(2) The service referred to in paragraph (1)(A) of this  
12 subsection is service which is covered by amounts deducted  
13 and withheld as provided in section 8334(a)(3) of this title,  
14 is service described in subparagraphs (C) through (G) of  
15 section 210(a)(5) of the Social Security Act, and is taken  
16 into account for the purpose of computing the annuity or  
17 survivor annuity to which paragraph (1) of this subsection  
18 applies.”.

19          (f) Section 8348(a) of such title is amended--

20           (1) in paragraph (1)(A), by inserting “or the  
21 provisions of chapter 84 of this title which relate to  
22 benefits payable out of the Fund” after “subchapter”;  
23 and

24           (2) in paragraph (2), by inserting “, chapter 84 of  
25 this title,” after “chapter”.





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1 and

2 (B) by inserting ``or 8434`` after ``8341(h)``;

3 and

4 (2) in subparagraph (C)(1)--

5 (A) by inserting ``or 8434`` after ``8341(h)``;

6 and

7 (B) by inserting ``or 8467`` after ``8345(j)``.

8 (c)(1) Subsection (b) of section 8905 of such title is  
9 amended--

10 (A) by redesignating subparagraphs (A), (B), and (C)  
11 of paragraph (1) as clauses (i), (ii), and (iii),  
12 respectively;

13 (B) by redesignating paragraphs (1) and (2) as  
14 subparagraphs (A) and (B), respectively;

15 (C) by inserting ``(1)`` after ``(b)``; and

16 (D) by adding at the end thereof the following new  
17 paragraph (2):

18 ``(2) A member of family of a deceased employee or  
19 annuitant who was enrolled in a health benefit plan under  
20 this chapter on the date of death of the employee or  
21 annuitant may continue the enrollment under the conditions of  
22 eligibility prescribed in regulations issued by the  
23 Office.'`.

24 (2) Subsection (c)(1) of such section is amended--

25 (A) in subparagraph (B), by inserting ``or

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1 8436(a)(1)" after "8339(j)(3)"; and

2 (B) in the second sentence--

3 (i) by inserting "or 8434" after "8341(h)";

4 and

5 (ii) by inserting "or 8467" after "8345(j)".

6 EMPLOYEES OF CERTAIN NONAPPROPRIATED FUND INSTRUMENTALITIES

7 Sec. 3Ø5. Section 21Ø5(c) of title 5, United States Ccde,

8 is amended by inserting ", chapter 84," after "chapter

9 81" in clause (2) of the first sentence.

1Ø DISCLOSURE OF EARNINGS INFORMATION OF DISABLED FEDERAL

11 EMPLOYEES

12 Sec. 3Ø6. (a) Paragraph (7)(D) of section 61Ø3(l) of the

13 Internal Revenue Ccde of 1954 (relating to disclosure of

14 returns and return information for purposes other than tax

15 administration) is amended--

16 (1) by striking out "and" at the end of clause

17 (vi);

18 (2) by striking out the period at the end of clause

19 (vii) and inserting in lieu thereof a semicolon and

2Ø "and"; and

21 (3) by adding at the end thereof the following new

22 clause:

23 "(viii) disability benefits provided under

24 subchapter III of chapter 83 of title 5, United

25 States Ccde, or subchapter V of chapter 84 of

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1           such title.''.

2           (b) The heading of paragraph (7) of section 6103(1) of  
3 such Code is amended to read as follows:

4           ''(7) Disclosure of return information to Federal,  
5 State, and local agencies administering certain programs  
6 under the Social Security Act or the Food Stamp Act of  
7 1977 or certain civil service disability benefits  
8 programs.--''.

9                           COMPENSATION FOR WORK INJURIES

10          Sec. 307. Section 8113 of title 5, United States Code, is  
11 amended by adding at the end thereof the following new  
12 subsection:

13          ''(c) The monthly basic compensation payable under this  
14 subchapter to an employee or former employee who is a  
15 participant or former participant in the Federal Retirement  
16 System under chapter 84 of this title shall be reduced by the  
17 amount of the benefits which are payable or, upon proper  
18 application, would be payable for the month to such employee  
19 or former employee under title II of the Social Security Act  
20 based on the service of such employee or former employee.''.  
21

22                           GROUP LIFE INSURANCE FOR CERTAIN PARTICIPANTS IN THE FEDERAL

23                           RETIREMENT SYSTEM

24          Sec. 308. (a) Section 8701(a)(6) of title 5, United  
25 States Code, is amended to read as follows:

          ''(6) an individual first employed by the government

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1 of the District of Columbia before January 1, 1987;''.

2 (b) Section 8704(a)(2) of such title is amended by  
3 striking out ``(2) the'' and inserting in lieu thereof the  
4 following:

5 ``(2)(A) two, in the case of a participant in the  
6 Federal Retirement System under chapter 84 of this title  
7 who has elected to make contributions under section  
8 8418(c) of this title, has not received a refund of such  
9 contributions under section 8420 of this title, and dies  
10 before retiring under such system; or

11 ``(B) in the case of an employee other than a  
12 participant to which subparagraph (A) of this paragraph  
13 applies, the''.

14 (c) Section 8705 of such title is amended by adding at  
15 the end thereof the following new subsection (e):

16 ``(e)(1) Under regulations prescribed by the Office of  
17 Personnel Management, any person entitled to receive payment  
18 of insurance under this section by reason of the death of a  
19 person referred to in section 8704(a)(2)(A) of this title may  
20 elect to receive such payment in monthly payments payable for  
21 a period of 2 years.

22 ``(2) Insurance shall be paid in accordance with an  
23 election made under paragraph (1) of this subsection.''.  
24

(d) Subsection (a) of section 8708 of such title is  
25 amended--

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1 (1) by striking out ``(a) For'' and inserting in lieu  
2 thereof ``(a)(1) Except as provided in paragraph (2) of  
3 this subsection, for''; and

4 (2) by adding at the end thereof the following:

5 ``(2) In the case of each employee who after December 31,  
6 1989, elects to continue insurance as provided in subsection  
7 8706(b)(3)(A) of this title while receiving annuity or  
8 workers' compensation, the Office shall contribute a sum  
9 equal to one-half the amount which is withheld from the  
10 employee's annuity or compensation pursuant to subsection  
11 8707(b) of this title. The contribution shall be made out of  
12 annual appropriations which are made for the purposes of this  
13 paragraph. Sums appropriated pursuant to this authorization  
14 shall remain available until expended.''.

15 (e) Chapter 87 of such title is further amended--

16 (1) in section 8706 by striking out subsection (c)  
17 and redesignating subsections (d), (e), and (f) as  
18 subsections (c), (d), and (e), respectively;

19 (2) by striking out subsection (c)(1) of section  
20 8714a and inserting in lieu thereof the following:

21 ``(c)(1) Except as otherwise provided in this subsection,  
22 the optional insurance on an employee stops on his separation  
23 from service or 12 months after discontinuance of his pay,  
24 whichever is earlier, subject to a provision for temporary  
25 extension of life insurance coverage and for conversion to an

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1 individual policy of life insurance under conditions approved  
2 by the Office.'';

3 (3) by striking out the first sentence of section  
4 8714b(c)(1) and inserting in lieu thereof the following:  
5 ''Except as otherwise provided in this subsection, the  
6 additional optional insurance elected by an employee  
7 pursuant to this section shall stop on separation from  
8 service or 12 months after discontinuance of his pay,  
9 whichever is earlier, subject to a provision for  
10 temporary extension of life insurance coverage and for  
11 conversion to an individual policy of life insurance  
12 under conditions approved by the Office.''; and

13 (4) by striking out subsection (c)(1) of section  
14 8714c and inserting in lieu thereof the following:  
15 ''(c)(1) Except as otherwise provided in this subsection,  
16 the optional life insurance on family members shall stop at  
17 the earlier of the employee's separation from the service or  
18 12 months after discontinuance of pay, subject to a provision  
19 for temporary extension of life insurance coverage and for  
20 conversion to individual policies of life insurance under  
21 conditions approved by the Office.''.  
22

#### JUDICIAL SURVIVORS' ANNUITIES

23 Sec. 309. (a) Section 376 of title 28, United States  
24 Code, is amended--

25 (1) in subsections (b) and (d) by striking out ''4.5

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1 percent'' each place it appears and inserting in lieu  
2 thereof ``5 percent'';

3 (2) by striking out subsection (c) and inserting in  
4 lieu thereof the following:

5 `` (c) (1) There shall also be deposited to the credit of  
6 the Judicial Survivors' Annuities Fund, in accordance with  
7 such procedures as the Comptroller General of the United  
8 States may prescribe, amounts required to reduce to zero the  
9 unfunded liability of the Judicial Survivors' Annuities Fund.  
10 Such deposits shall be taken from the fund used to pay the  
11 compensation of the judicial official, and shall immediately  
12 become an integrated part of the Judicial Survivors'  
13 Annuities Fund for any use required under this section.

14 `` (2) For purposes of paragraph (1), the term 'unfunded  
15 liability' means the estimated excess, determined by the  
16 Comptroller General on an annual basis, of the present value  
17 of all benefits payable from the Judicial Survivors'  
18 Annuities Fund, over the sum of--

19 `` (A) the present value of deductions to be withheld  
20 from the future basic pay of judicial officials; plus

21 `` (B) the balance in such fund as of the date the  
22 unfunded liability is determined.

23 In making any determination under this paragraph, the  
24 Comptroller General shall use the applicable information  
25 contained in the reports filed pursuant to section 9503 of



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1 title 31 with respect to the judicial survivors' annuities  
2 plan established by this section.'';

3 (3) in subsection (h)--

4 (A) by striking out clauses (i) and (ii) in  
5 paragraph (1)(B) and inserting in lieu thereof the  
6 following:

7 '(i) 10 percent of the average annual salary  
8 determined under subsection (1)(1) of this  
9 section; or

10 '(ii) 20 percent of such average annual  
11 salary, divided by the number of children;'';

12 (B) by striking out clauses (ii) and (iii) in  
13 paragraph (1)(C) and inserting in lieu thereof the  
14 following:

15 '(ii) 20 percent of the average annual  
16 salary determined under subsection (1)(1) of this  
17 section; or

18 '(iii) 40 percent of such average annual  
19 salary amount, divided by the number of  
20 children;''; and

21 (C) by inserting immediately after "remarriage"  
22 in paragraph (2) the following: "before attaining 55  
23 years of age";

24 (4) in subsection (l)--

25 (A) by striking out "1 1/4 percent" and

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1 inserting in lieu thereof ``1.5 percent``;

2 (B) by striking out the colon after

3 ``subsection`` in paragraph (2) and inserting in lieu  
4 thereof a semicolon; and

5 (C) by striking out the proviso and inserting in

6 lieu thereof the following: ``except that such

7 annuity shall not exceed an amount equal to 50

8 percent of such average annual salary, nor be less

9 than an amount equal to 30 percent of such average

10 annual salary. Any annuity determined in accordance

11 with the provisions of this subsection shall be

12 reduced to the extent required by subsection (d) of

13 this section, if applicable.``.

14 (b) Section 7448 of the Internal Revenue Code of 1954 is  
15 amended--

16 (1) in subsection (c)--

17 (A) by striking out ``(c) Salary Deductions.--

18 There`` and inserting in lieu thereof:

19 ``(c) Survivors Annuity Fund.--

20 ``(1) Salary deductions.--There``,

21 (B) by striking out ``3 percent`` and inserting

22 in lieu thereof ``3.5 percent``; and

23 (C) by inserting at the end thereof the following

24 new paragraph (2):

25 ``(2) Unfunded liability deposits.--

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1           “(A) In general.--There shall also be deposited  
2 to the credit of the survivors annuity fund, in  
3 accordance with such procedures as the Comptroller  
4 General of the United States may prescribe, amounts  
5 required to reduce to zero the unfunded liability of  
6 the survivors annuity fund. Such deposits shall be  
7 taken from the fund used to pay the compensation of  
8 the judge, and shall immediately become an integrated  
9 part of the survivors annuity fund for any use  
10 required under this section.

11           “(B) Unfunded liability defined.--For purposes  
12 of subparagraph (A), the term ‘unfunded liability’  
13 means the estimated excess, determined by the  
14 Comptroller General on an annual basis, of the  
15 present value of all benefits payable from the  
16 survivors annuity fund, over the sum of--

17           “(i) the present value of deductions to be  
18 withheld from the future basic pay of judges;  
19 plus

20           “(ii) the balance in such fund as of the  
21 date the unfunded liability is determined.

22 In making any determination under this subparagraph,  
23 the Comptroller General shall use the applicable  
24 information contained in the reports filed pursuant  
25 to section 9503 of title 31, United States Code, with

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1 respect to the Tax Court judges survivors annuity  
2 plan established by this section.'';  
3 (2) in subsection (d) by striking out ``3 percent''  
4 the second place it appears and inserting in lieu thereof  
5 ``3.5 percent'';  
6 (3) in subsection (h)--  
7 (A) by striking out ``subsection (c)'' and  
8 inserting in lieu thereof ``subsection (c)(1)'';  
9 (B) by striking out all after the words ``equal  
10 to'' in paragraph (2) and inserting in lieu thereof  
11 ``the lesser of:  
12 ``(A) 10 percent of the average annual salary  
13 amount determined in accordance with the provisions  
14 of subsection (m); or  
15 ``(B) 20 percent of such average annual salary  
16 amount, divided by the number of children; or'';  
17 (C) by striking out all after the words ``equal  
18 to'' in paragraph (3) and inserting in lieu thereof  
19 ``the lesser of:  
20 ``(A) 20 percent of the average annual salary  
21 amount determined in accordance with the provisions  
22 of subsection (m); or  
23 ``(B) 40 percent of such average annual salary  
24 amount, divided by the number of children.''; and  
25 (D) by inserting ``before attaining fifty-five

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1 years of age'' immediately after ``remarriage'' in  
2 the first sentence in the matter after paragraph (3);  
3 and

4 (4) in subsection (m)--

5 (A) by striking out ``1 1/4 percent'' and  
6 inserting in lieu thereof ``1.5 percent''; and

7 (B) by striking out the comma and all other  
8 matter after ``other prior allowable service'' where  
9 it last appears and inserting in lieu thereof ``,  
10 except that such annuity shall not exceed an amount  
11 equal to 50 percent of such average annual salary,  
12 nor be less than an amount equal to 30 percent of  
13 such average annual salary, and that any amount  
14 determined in accordance with the provisions of this  
15 subsection shall be reduced to the extent required by  
16 subsection (d), if applicable.''.

17 (c)(1) Subsections (a) and (b) of section 1567 of title  
18 11 of the District of Columbia Code are amended by striking  
19 out ``3 per centum'' each place it appears and inserting in  
20 lieu thereof ``3.5 percent''.

21 (2)(A) Subsection (a) of section 1568 of title 11 of the  
22 District of Columbia Code is amended by striking out  
23 ``computing a survivor annuity'' and inserting in lieu  
24 thereof ``any provision of this subchapter which refers to  
25 this subsection''.

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1 (B) Subsection (c) of section 1568 of title 11 of the  
2 District of Columbia Code is amended--

3 (i) in paragraph (2)(B), by striking out "the lesser  
4 of (i) \$2,700 per year divided by the number of such  
5 children or (ii) \$900" and inserting in lieu thereof  
6 "the lesser of (i) \$8,424 per year divided by the number  
7 of such children or (ii) \$2,808";

8 (ii) in paragraph (3), by striking out "the lesser  
9 of (A) \$3,240 per year divided by the number of such  
10 children or (B) \$1,080" and inserting in lieu thereof  
11 "the lesser of (A) \$10,110 per year divided by the  
12 number of such children or (B) \$3,370";

13 (iii) by inserting before the first sentence of the  
14 matter following paragraph (3) the following:

15 "For the purpose of computing, under this paragraph, the  
16 annuity of a child that commences on or after January 1,  
17 1987, the figures \$8,424, \$2,808, \$10,110, and \$3,370 shall  
18 be increased by the total percent increases allowed and in  
19 force with respect to retirement salaries of judges under  
20 section 11-1571(a) of this title on or after such date.";

21 and

22 (iv) in the first sentence of the matter following  
23 paragraph (3) by inserting before the period the  
24 following: "prior to the attainment of fifty-five years  
25 of age".

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1 (C) Subsection (e) of section 1568 of title 11 of the  
2 District of Columbia Code is amended to read as follows:

3 "(e) The annuity of a widow or widower of a judge  
4 electing survivor annuity shall be equal to--

5 "(1) in the case of a judge who dies while in active  
6 regular service as a judge, the greater of--

7 "(A) 60 percent of the retirement salary the  
8 judge would have been entitled to receive if the  
9 judge had retired on the day before the date of death  
10 (without regard to the age requirements prescribed in  
11 section 11-1562(b)), or

12 "(B) 60 percent of the retirement salary the  
13 judge would have been entitled to receive if the  
14 judge had retired on the day before the date of death  
15 with 15 years of service for the purposes of this  
16 subchapter (without regard to the age requirements  
17 prescribed in section 11-1562(b)),  
18 computed under section 11-1564; and

19 "(2) in the case of a retired judge, 60 percent of  
20 the retirement salary payable to such judge on the day  
21 before the date of the judge's death."

22 (d) The benefits conferred by section 376 of title 28,  
23 United States Code, section 7448 of the Internal Revenue Code  
24 of 1954, and section 1568 of title 11 of the District of  
25 Columbia Code by reason of the amendments made by this

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1 section shall apply only to individuals who first become  
2 eligible for annuities under such sections on or after the  
3 effective date of this Act, except that--

4 (1) such annuities shall be computed in accordance  
5 with the provisions of such sections, as amended by this  
6 section, notwithstanding contributions or deposits made  
7 in accordance with applicable law at lower rates; and

8 (2) no additional liability shall be created with  
9 respect to deposits made in accordance with applicable  
10 law before the effective date of this Act, or after such  
11 effective date pursuant to an installment payment  
12 election made under section 376(d) of title 28, United  
13 States Code, section 7448(d) of the Internal Revenue Code  
14 of 1954, or section 1567(b) of title 11 of the District  
15 of Columbia Code before such effective date.

16 TITLE IV--AUTHORIZATIONS, APPLICATION, AND EFFECTIVE DATES

17 FIRST YEAR EXPENSES OF THE FEDERAL RETIREMENT THRIFT

18 INVESTMENT MANAGEMENT SYSTEM

19 Sec. 401. (a) Notwithstanding section 8426(c)(3) of title  
20 5, United States Code, as added by section 101 of this Act,  
21 the expenses incurred in the administration of the Federal  
22 Retirement Thrift Investment Management System prescribed in  
23 subchapter VIII of chapter 84 of such title, as added by  
24 section 101 of this Act, during fiscal years 1986 and 1987  
25 shall be paid from sums appropriated pursuant to subsection



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1 (b).

2 (b) There are authorized to be appropriated to the  
3 Federal Retirement Thrift Investment Board, for fiscal years  
4 1986 and 1987, such sums as may be necessary to pay the  
5 expenses incurred in the administration of the Federal  
6 Retirement Thrift Investment Management System prescribed in  
7 subchapter VIII of chapter 84 of title 5, United States Code,  
8 as added by section 1Ø1 of this Act, during such fiscal  
9 years.

## 1Ø AUTHORIZATION TO CARRY OUT INFORMATION PROGRAM

11 Sec. 4Ø2. (a) The Office of Personnel Management shall  
12 take appropriate action during fiscal years 1986 and 1987, to  
13 make available on or before January 1, 1987, the information  
14 described in section 8469 of title 5, United States Code, as  
15 added by section 1Ø1(a) of this Act.

16 (b) There are authorized to be appropriated \$1,ØØØ,ØØØ to  
17 the Office of Personnel Management for fiscal year 1986 to  
18 carry out subsection (a). Sums appropriated pursuant to this  
19 authorization shall remain available until expended or until  
2Ø October 1, 1987, whichever is earlier.

## 21 APPLICATION

22 Sec. 4Ø3. Except for the provisions of subchapter VII of  
23 chapter 84 of title 5, United States Code (as added by  
24 section 1Ø1(a) of this Act), and the amendments made by title  
25 III of this Act, nothing in this Act shall reduce the accrued

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1 entitlements of current and retired Federal employees and  
2 their families to future benefits under the Civil Service  
3 Retirement and Disability System or any other Federal  
4 Government retirement and disability system. The full faith  
5 and credit of the United States Government is hereby pledged  
6 in support of the payment of such accrued entitlements.

7 **EFFECTIVE DATES**

8 Sec. 404. (a) Except as provided in subsections (b) and  
9 (c), this Act and the amendments made by this Act shall take  
10 effect January 1, 1987.

11 (b) Subchapter VIII of chapter 84 of title 5, United  
12 States Code (relating to the Federal Retirement Thrift  
13 Investment Management System), as added by section 101, shall  
14 take effect on the date of enactment of this Act.

15 (c) The amendments made by section 301 shall take effect  
16 on the date of enactment of this Act.

17 (d) The program required by section 8426(e) of title 5,  
18 United States Code, as added by section 101(a) of this Act,  
19 shall be established not later than January 1, 1988.