

POLICY ISSUE

No: 1

Policy Question

1. Should contributions to the thrift plan be in the form of percentages or dollar amounts?
2. If contributions are made on a percentage basis, should they be:
 - a. full percentages or fractional percentages and
 - b. based on actual biweekly base pay or regular biweekly base pay per the salary schedule?

Working Group Recommendation

The working group recommends that contributions be made as percentages (to the nearest one-hundredth of a percent) of the actual biweekly base pay.

Rationale

Percentages would simplify the programming requirements of payroll's system. Actual dollar figures would cause problems when factors such as LWOP are involved. If an employee wanted to specify a dollar amount, it could be converted by the employee (or Thrift Plan component) to a percentage figure. By using actual biweekly base pay, instances of overpayment could be prevented.

Note: At a future date a decision will need to be made on how to handle fractions of cents within the system.

Policy Group Comments (if any)

Recommendation Approved By:

Policy Group chairman

Date

POLICY ISSUE

No: 2

Policy Question

Should the Agency Provide for repayment of thrift plan loans by means of payroll deductions?

Working Group Recommendation

The Working Group recommends that employees be allowed to repay thrift plan loans through payroll deductions. (This would not preclude payment by other means).

Rationale

The Credit Union currently provides for repayment of loans through payroll deductions. The Public Service Aid Society is requesting that this method of repayment be extended to loans made by them, as well. The advantages of this method, namely a set schedule for repayment and the removal of "bill collecting" responsibilities from the plans' administrators, would be equally applicable to the thrift plan.

Policy Group Comments (if any)

Recommendation Approved By:

Policy Group Chairman

Date

POLICY ISSUE

No: 3

Policy Question

Should OP make the final computation of the annuity benefit and then send the figure to OF for payment?

Working Group Recommendation

The Working Group recommends that OP be given the responsibility for making final computations.

Rationale

If OP computes estimates and then OF makes the final computation, there would be an unnecessary duplication of effort. The accuracy of OP's computations could be tested through double checks or spot checks within that Office.

Policy Group Comments (if any)

Recommendation Approved By:

Policy Group Chairman

Date

POLICY ISSUE

4

Policy Question

Does the term "basic pay," when used to compute the annuity supplement, have the same meaning as the "basic pay" used to compute a CSRS benefit?

Working Group Recommendation

The Working Group members agree that the "basic pay" used to compute the annuity supplement is the same "basic pay" that is used to compute a CSRS benefit.

Rationale

Although the annuity supplement is based on Social Security formulas, and the Social Security Administration uses FICA wages to compute benefits, "basic pay" for the annuity supplement formula is not equivalent to FICA wages. See sections 8421(b) (2) (A) and 8401 (4) of the FERS legislation.

Policy Group Comments (if any)

Recommendation Approved By:

Policy Group Chairman

Date

POLICY ISSUE

No: 5

Policy Question

Should OP establish a paper thrift plan file for each participant?

Working Group Recommendation

The Working Group recommends that a paper file be established by OP for each participant to supplement the automated record.

Rationale

A file is needed to hold hard copies of the election forms, divorce decrees (in order to provide appropriate entitlements to former spouses), and any other pertinent documents. Since the FERS Act gives the Executive Director of the Thrift Board the responsibility for reviewing divorce decrees and enforcing former spouse entitlements the Agency will be assuming this responsibility for its employees and will need a place to store the court orders.

Policy Group Comments (if any)

Recommendation Approved By:

Policy Group Chairman

Date

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POLICY ISSUE

No: 7

Policy Question

Should employees who were once designated as CIARDS participants and then resigned and later returned be automatically redesignated into CIARDS?

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Working Group Recommendation

The Working Group recommends that these employees be automatically redesignated into CIARDS by means of a personnel action initiated by the component personnel officer, provided that applicable service agreements are signed.

Rationale

These employees, in addition to being vested in the current retirement system due to at least five years of federal service, would already have the qualifying service required under CIARDS. They have earned the right to earlier retirement and a higher accrual rate. The CIARDS Board meets monthly to make a designation based on overseas service or to recommend a designation based on domestic service. To require a new designation could result in unnecessary delay as well as a duplicate expenditure of resources.

Policy Group Comments (if any)

Recommendation Approved By:

Policy Group Chairman

Date

POLICY ISSUE

No: 8

Policy Question

Should the CIARDS Board also administer designation into the FERS
CIA Special Category? JY

Working Group Recommendation

The Working Group recommends that the CIARDS Board also administer
designation into the FERS CIA Special Category.

Rationale

Because the criteria for designation into the FERS CIA Special
Category is identical to that for designation into CIARDS, we
recommend that the CIARDS Board administer designation into both.
This will ensure uniform application of the criteria and will not
result in an increased workload for the Board.

Policy Group Comments (if any)

Recommendation Approved By:

Policy Group Chairman

Date

POLICY ISSUE

No: 9

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Policy Question

Should CIARDS participants be allowed to transfer into regular FERS?

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Working Group Recommendation

The Working Group recommends that CIARDS participants be restricted from transferring into regular FERS.

Rationale

This type of transfer would enable employees to receive the higher accrual rates under CIARDS for most of their career, while allowing them to circumvent the mandatory retirement age (60). While the FERS Act does not specifically prohibit transfers from CIARDS into regular FERS, we could write such a restriction into our regulations. Such a restriction would seem to be within the intent of Congress, as the FERS CIA Special Category (CIARDS equivalent) also has the mandatory retirement requirement at age 60. Those in CIARDS who wish to transfer should transfer into the FERS CIA Special Category.

Policy Group Comments (if any)

Recommendation Approved By:

Policy Group Chairman

Date

POLICY ISSUE

No: 10

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Policy Question

If an employee performed overseas service under CSRS and then left Federal employment before becoming vested in CSRS, can the overseas service under CSRS be applied to the 5 years of qualifying service required for participation in the FERS CIA Special Category?

Working Group Recommendation

The Working Group recommends that overseas service under CSRS be counted as qualifying service for the FERS CIA Special Category.

Rationale

The definition of "qualifying service" for the FERS CIA Special Category is identical to that for CIARDS. Both systems rely on the criteria outlined in Section 203 of the CIA Retirement Act of 1964 to make a determination of "qualifying service." Therefore, such service should be applicable to both CIARDS and the FERS CIA Special Category.

Policy Group Comments (if any)

Recommendation Approved By:

Policy Group Chairman

Date

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Office of Personnel Working Group Functions

22 August 1986

I. Employee Deductions

- A. OP/SDOB and OF representatives are coordinating the development of new PERSIGN coding for designating employees into the appropriate retirement system.
- B. OP will verify creditable service and establish retirement plan eligibility for employees who have entered on duty since 1 January 1984.
 - 1. Guidelines and policy are being developed by OP Working Group for use by Component Personnel Officers and TRB.
 - 2. New PERSIGN coding will appear on Personnel Actions.
- C. These functions were initiated in July 1986 and are expected to be completed by December 1986.

II. Thrift Plan

- A. OP will initiate liaison with the Thrift Board when it has been established.
 - 1. OP will review the Thrift Board's forms to determine if they can be used by the Agency. If the Board is not established by September 1986, OP will develop in-house forms to be used in the interim.
 - 2. OP will request necessary information and services from the Executive Director of the Thrift Board.
 - a. Our cover requirements will be articulated so that the Thrift Board's systems and procedures will accommodate our needs.
 - b. We will review the Board's procedures and develop conforming procedures wherever possible.
- B. OP is developing procedures to control the distribution, completion, receipt, and processing of election forms.
 - 1. Procedures will be outlined in regulations, briefings, and open season notices.
 - 2. OP and OF will develop a system to transmit election and deduction data between the two Offices.

3. OP presented suggested procedures for step #2 to the Working Group for comment on 8 August 1986.
- C. OP will establish a paper file for each thrift plan participant at the time of election.
1. File will contain hard copies of election forms, divorce decrees (to enforce former spouse entitlements), and other relevant data.
 2. Plans are to microfiche documents in the future.
- D. OP will publish Thrift Open Sean notices, distribute election forms and review completed election forms to ensure employee elections are made within permissible election guidelines.

III. Defined Benefit and Supplement
(FERS, FERS Special Category, and CSRS)

- A. OP provided OIT with specific data required to compute the annuity supplement.
1. Program was developed and tested.
 2. Prototype was presented to OP Working Group members, C/SDOB, and DC/Ops Section on 21 August.
 3. Enhancements will be made to the program, including the capability to compute survivor annuity supplements. Anticipated completion date is 5 September 1986.
- B. OP will establish liaison with OPM in September 1986.
1. Records on our employees at OPM will be retrieved either immediately, at the time of retirement, or on an annual basis as large groups of employees become eligible. The Agency will make a policy decision on the best approach to retrieving records.
 2. OP will request necessary information and services from the Director of OPM.

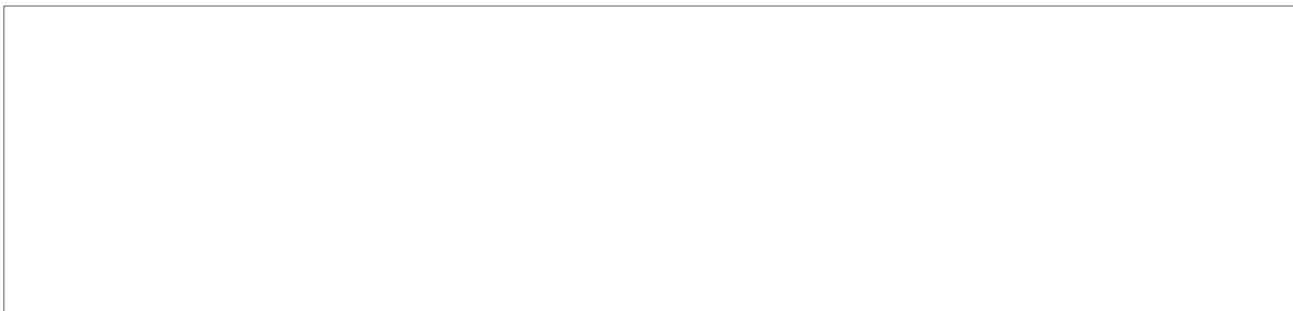
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- b. We will review OPM's procedures and develop conforming procedures wherever possible.
- C. OP is developing procedures to administer the defined benefit and supplement.
1. OP and OF will develop a system to transmit data between the two Offices. Probably same as CIARDS initially (manual).
 2. OP presented suggested procedures to the Working Group for comment on 8 August 1986.

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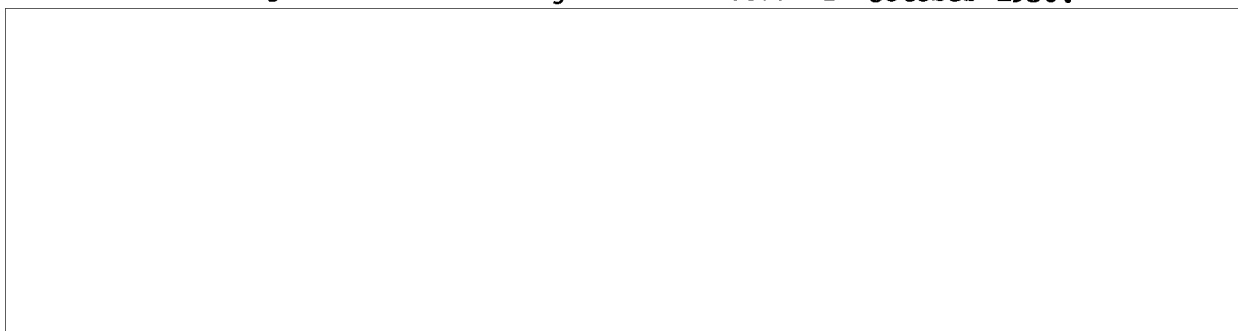
IV. Training

- A. OP is educating Agency personnel on the options and benefits under the new retirement legislation on a continuing basis. Information program is timed to coincide with decision points for employees.
- B. OP is training Retirement Counselors on the procedures to handle the options prior to the employee decision points. An initial training session was conducted in June. Other sessions are scheduled for the fall of 1986.
- C. OP is in the final stages of preparing a D/Pers briefing to the Agency population.

V. General Procedures

- A. OP will begin drafting regulations that pertain to this Office in September 1986. The regulations will follow the approval of the new policies and procedures.
- B. OP will coordinate the regulations internally and then submit them to the Congressional intelligence committees in October 1986.

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- E. OP and OF will determine historical file requirements in September 1986.
- F. The OP Working Group drafted the automation requirements of Retirement Division, including those resulting from the new retirement legislation, in August 1986. RD employees were interviewed to ensure that their requirements were voiced. C/SDOB will review the requirements before they are taken to the Working Group in final form.

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Requirements for the Defined Benefit

1. We need the capability to perform all annuity computations (i.e. basic, reduced, deferred, survivor, disability, former spouse, insurable interest, and involuntary under FERS and FERS Special Category; basic, deferred, survivor, disability, former spouse, insurable interest, and involuntary under CSRS and CIARDS).
2. The HRS2 data now in GIMS and the data in OF's salary and service history data base(s) will be needed to make annuity computations.
3. Overseas service must be tracked so that the higher accrual rate (1.7%) under regular FERS can be applied.
4. We need the capability to compute deposits and redeposits and to make reductions to annuities if deposits and redeposits are not made (including "catch - 62").
5. We need the capability to compute the annuity supplement under FERS using internal earnings records. The supplement must be reduced if an annuitant has "excess earnings." Therefore, the system must be capable of adjusting the annuity based on an employee's earnings.
6. Cost of Living Adjustments (COLAs) must be applied to the defined benefit.
7. The defined benefit must be offset by the amount of Social Security benefits attributable to Federal civilian service in the case of modified CSRS and modified CIARDS participants.
8. Offsets to disability benefits will be necessary because of Social Security benefits.
9. Earnings of disability annuitants must be reviewed to determine if earnings capacity has been restored. Automatic annual reminders could be generated to send to annuitants.
10. We need the capability to compute alternative forms of annuities (including lump-sum payments).
11. The annuity of a reemployed annuitant will be recomputed to include subsequent creditable service.
12. We need the capability to compute dual annuity computations for employees transferring into FERS, separating out the service, benefits, COLAs, and sick leave applicable to CSRS or CIARDS, and the service, benefits, and COLAs applicable to FERS or FERS Special Category.

S E C R E T

Requirements for the Defined Benefit

13. We need the capability to compute refunds of retirement contributions for employees who separate and wish to withdraw their contributions.
14. We need the capability to compute annuities that are based, at least partially, on part-time service.
15. We need the capability to record a CIARDS or FERS Special Category employee's PCS time at an unhealthful post (if the extra retirement credit option was elected) from the date of arrival to the date of departure, subtracting out TDY time at healthful posts.
16. The final computation of the benefit amount will be transmitted to OF's payroll system for payment.

S E C R E T

Requirements for the Thrift Savings Plan

1. Voluntary employee contributions will be recorded by OP, and the data will then be transmitted to OF so that the appropriate payroll deductions will be made. This will take place during open seasons.
2. We need on-line access to account data, including earnings on investments, in order to counsel participants.
3. Limitations on the amount of contributions and the investment options should be included in the system. Internal Revenue Code and anti-discrimination limitations apply. Limitations are dictated in part by the participant's salary and retirement system.
4. A plan for delayed contributions to the Thrift Savings Fund may be enacted. Therefore, we may need the capability to accept delayed contributions.
5. We need the capability to record loans and repayments of loans.
6. We need the capability to compute Thrift Savings Plan annuities (i.e. basic, indexed, survivor, deferred, former spouse, and insurable interest). We also need the capability to execute withdrawals and transfers of account balances.
7. Periodic account statements for employees and annual Reports of Interest Earnings (Form 1099-INT) for annuitants will be needed from the system.

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Miscellaneous Requirements

1. Retirement Division/Operations Section (RD/Ops Sec) will need the capability to keep a running retirement file, including annuity estimates that may be retrieved and updated. Six months before an employee's first eligible retirement date, the system will automatically generate the file for RD/Ops Sec use.
2. RD/Ops Sec retirement cases will be added to a log, which will act as a permanent record and provide the basis for statistical reports.
3. RD/Ops Sec will also establish a log of officer assignments (i.e. estimates, deposits, etc.).
4. RD/Ops Sec will generate a retirement application to be signed by the employee, including only the data that is relevant to the particular case.
5. RD/Social Security Section (RD/SSS) will need a compilation of employees' military service data. The system will generate a memo to new EODS which explains the provisions of military deposits under CSRS or CIARDS ("catch - 62") and FERS, creates a suspense date to remind employees of interest-free deadlines, and maintain a record of payments.
6. RD/Annuitant Section (RD/AS) will need the capability to compute current basic, reduced, and survivor annuity amounts.
7. RD/AS will need the on-line capability to update master files on retirees to include new addresses, banking instructions, changes to marital status, survivor elections, and insurance elections. Those changes which will adjust the benefit amount will be transmitted automatically to OF's payroll system.
8. RD/AS must annually determine the current salary of the grade and step held by disability annuitants at the time of retirement.
9. RD/AS will need a listing of student - children two months before attainment of ages 18 and 22. OF must be notified of the cessation of entitlement to benefits.
10. RD/AS will need a log of annuitants who marry or remarry. Listings of annuitants who are eligible to elect survivor benefits for new spouses (beginning 9 months after the date of marriage) are needed.
11. RD/Retirement Services Branch (RD/RSB) will need an automated roster of external company contacts.

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13. RD/RSB will need a personal financial planning system that is compatible with PC equipment.
14. The data in the Voluntary Investment Plan (VIP) master computer should interface with the OF/CSAD/VIP data base.
15. VIP will need automated data sheets, payroll vouchers, cash contribution records, and withdrawal sheets that will be transmitted to the VIP master computer.

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17. VIP has many word processing needs (i.e. producing letters, minutes of the Board meetings, brochures, etc.).

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