

OWN FILE

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ROUTING AND RECORD SHEET

SUBJECT: (Optional) S. 2695 - "Civil Service Retirees' Interest on Delayed Payment Act"

FROM:
 Chief, Retirement Operations Branch
 906 Ames

EXTENSION

NO.

oca 2848-88

DATE

24 AUG 1988

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

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C/RD

8/24/88

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24 August 1988

MEMORANDUM FOR: [Redacted]
Office of Congressional Affairs

FROM: [Redacted]
Chief, Retirement Operations Branch/RD

SUBJECT: S. 2695 - "Civil Service Retirees' Interest on Delayed Payment Act"

1. The proposed legislation (attached) presents the same concerns as we expressed in regard to the House Version (H.R. 4361) which are outlined in paragraph 3.

2. There is a significant difference between the House and Senate version. The House version placed a 90 day timeframe on all types of annuity payments. However, the Senate version places a 75 day timeframe for optional retirements and a 45 day period for survivor and deferred annuities. The rest of the bill is virtually identical to the House version.

3. The areas of concern are as follows:

[Redacted]

b. Disability - Frequently, the effective date for a disability retirement case is made retroactive 30 to 90 days from the date the Director of Personnel approves the case. This occurs when the applicant has run out of sick leave and has been placed in a LWOP status pending approval of their application. The effective date is made retroactive to the day after the last day in a pay status.

[Redacted]

~~C O N F I D E N T I A L~~

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4. In each of the above scenarios, the Agency would owe the retiree interest on the money due, as the delays are due to no fault of the employee. Clearly, none of the above pose valid reasons for objecting to the legislation, as they are either internal processes which the Agency needs to streamline

25X1
25X1

5. In summary, I do not believe we can totally eliminate the above problem areas, thus we may have to accept interest payments, to some degree. Please keep me advised regarding any future developments on this issue.

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Attachment

C O N F I D E N T I A L

100TH CONGRESS
2D SESSION

S. 2695

To amend title 5, United States Code, to provide for the payment of interest on delayed initial payments under the Civil Service Retirement System and the Federal Employees' Retirement System, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 5, 1988

Mr. BENTSEN introduced the following bill; which was read twice and referred to the Committee on Governmental Affairs

A BILL

To amend title 5, United States Code, to provide for the payment of interest on delayed initial payments under the Civil Service Retirement System and the Federal Employees' Retirement System, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Civil Service Retirees'
4 Interest on Delayed Payments Act".

5 SEC. 2. (a) Section 8345 of title 5, United States Code,
6 is amended by adding at the end thereof the following new
7 subsection:

1 “(1) The initial payment of annuity to an individual
2 entitled to annuity from the Fund shall be made—

3 “(A) in the case of an employee or Member who
4 is entitled to an annuity on the basis of an immediate
5 retirement under section 8336, not more than 75 days
6 after the date on which the employee or Member is
7 separated from the service; or

*Standard
Involuntary
except for
Cause.*

8 “(B) in the case of an individual who is entitled to
9 an annuity under section 8338, or 8341, not more than
10 45 days after the date on which the Office receives a
11 completed application from the individual, in such form
12 as the Office may prescribe.

*Defendant
Survivor*

13 “(2) Except as provided in paragraph (3)(C), for each
14 day the initial payment of annuity is delayed beyond the ap-
15 plicable limit under paragraph (1), the Office shall pay inter-
16 est to individual, computed at the interest rate applicable
17 under section 8334(e)(3), compounded daily.

18 “(3) For the purpose of this paragraph—

19 “(A) ‘initial payment of annuity’ shall be deemed
20 to be the first payment of the regular monthly amount
21 of annuity to which the individual is entitled, but may
22 also include any additional amount of annuity owed to
23 the individual for an earlier period, and may be subject
24 to subsequent correction or adjustment;

1 “(B) payment of annuity shall be deemed to be
2 made on the date of issue of the check or other instru-
3 ment making payment; and

4 “(C) any days during which the Office is awaiting
5 an election or other response from the individual under
6 section 8339(i) or (k), 8343a, or other provision of this
7 subchapter may not be counted toward the applicable
8 limit under paragraph (1).

9 “(4) In any case where interest is paid as a result of the
10 limit under paragraph (1)(A) being exceeded, the Office shall
11 determine if the limit was exceeded as a result of the failure
12 of the agency from which the employee or Member was sepa-
13 rated to forward to the Office within 30 days of the separa-
14 tion a completed retirement application, in such form as the
15 Office may prescribe, together with such certification as the
16 Office may require. To the extent the Office determines the
17 limit was exceeded due to such failure by the agency, the
18 agency shall remit to the Office, to the credit of the Fund,
19 reimbursement for the interest payment that was made under
20 this paragraph. Such reimbursement shall be drawn from the
21 appropriation or fund that was available for payment of the
22 employee or Member, or from other source as the agency
23 may determine appropriate.”.

24 (b) Section 8348(a)(1)(B) of title 5, United States Code,
25 is amended by striking out “chapter 84 of this title” and

1 inserting in lieu thereof the following: "chapter 84 of this
2 title, in administering and paying interest payments under
3 sections 8345(l) and 8461(m) of this title".

4 (c) Section 8461 of title 5, United States Code, is
5 amended by adding at the end thereof the following new sub-
6 section:

7 "(n)(1) The initial payment of annuity to an individual
8 entitled to annuity from the Fund shall be made—

9 "(A) in the case of an employee or Member who
10 is entitled to annuity on the basis of an immediate re- *Immediate*
11 tirement under section 8412 or 8414, not more than *Discipline*
12 75 days after the date on which the employee or
13 Member is separated from the service; or

14 "(B) in the case of an individual who is entitled to
15 an annuity under section 8413 or subchapter IV of this *Deferred*
16 chapter, not more than 45 days after the date on
17 which the Office receives a completed application from
18 the individual, in such form as the Office may pre-
19 scribe.

20 "(2) Except as provided in paragraph (3)(C), for each
21 day the initial payment of annuity is delayed beyond the ap-
22 plicable limit under paragraph (1), the Office shall pay inter-
23 est to the individual, computed at the interest rate applicable
24 under section 8334(e)(3), compounded daily.

25 "(3) For the purposes of this paragraph—

1 “(A) ‘initial payment of annuity’ shall be deemed
2 to be the first payment of the regular monthly amount
3 of annuity to which the individual is entitled, but may
4 also include any additional amount of annuity owed to
5 the individual for an earlier period, and may be subject
6 to subsequent correction or adjustment;

7 “(B) payment of annuity shall be deemed to be
8 made on the date of issue of the check or other instru-
9 ment making payment; and

10 “(C) any days during which the Office is awaiting
11 an election or other response from the individual under
12 section 8411(f), 8416, 8417, 8420, 8420a, or other
13 provision of this chapter may not be counted toward
14 the applicable limit under paragraph (1).

15 “(4) In any case where interest is paid as a result of the
16 limit under paragraph (1)(A) being exceeded, the Office shall
17 determine if the limit was exceeded as a result of the failure
18 of the agency from which the employee or Member was sepa-
19 rated to forward to the Office within 30 days of the separa-
20 tion a completed retirement application, in such form as the
21 Office may prescribe, together with such certifications as the
22 Office may require. To the extent the Office determines the
23 limit was exceeded due to such failure by the agency, the
24 agency shall remit to the Office, to the credit of the Fund,
25 reimbursement for the interest payment that was made under

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1 this paragraph. Such reimbursement shall be drawn from the
2 appropriation or fund that was available for payment of the
3 employee or Member, or from such other source the agency
4 may determine appropriate.”.

5 SEC. 3. The amendments made by this Act shall take
6 effect on the one-hundred and eightieth day after enactment,
7 and shall apply to any individual whose annuity commences
8 on or after such date.

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