

The President signed the Federal Erroneous Retirement Coverage Corrections Act (FERCCA) on September 19, 2000. The Office of Personnel Management, with assistance from the Federal Retirement Thrift Investment Board, developed the following questions and answers to help explain how FERCCA may affect you. This information is current as of September 19, 2000.

## **FERCCA FAQ's**

### **1. What is FERCCA?**

FERCCA is the Federal Erroneous Retirement Coverage Corrections Act. This new legislation addresses the problems created when Federal agencies put their employees in the wrong retirement plan. It gives certain employees a choice of retirement plans.

### **2. Are there many employees in the wrong retirement plan?**

We believe that the number of employees in the wrong retirement plan is very small. Agencies have discovered and corrected many retirement coverage errors. However, we are certain some employees still are in the wrong retirement plan.

If you have not worked for the Federal government continuously since 1983, or you have had changes in appointment types and retirement plans, then you may want to ask your agency to review your retirement coverage to ensure that it is correct.

### **3. How do I know which retirement system I'm in now?**

Look at any of your Standard Form 50s (Notifications of Personnel Actions). There's a block that shows your retirement plan. It's Block 30 on all current SF-50s. You'll see a code followed by an acronym that represents your retirement plan. Most Federal employees are in one of four possible retirement plans. They are:

Retirement Plan	Commonly Called:	SF-50 Code
Civil Service Retirement System	CSRS	Code 1 or 6
Civil Service Retirement System and Social Security	CSRS Offset	Code C or E
Social Security Only	FICA	Code 2
Federal Employees Retirement System	FERS	Code K, L, M, or N

“FICA” indicates Social Security coverage on your SF-50. For example, your retirement coverage as it appears on the SF-50 may be CSRS and FICA instead of CSRS Offset or FERS and FICA instead of FERS.

If your agency does not use Standard Form 50s, you can find your retirement plan on the form it uses to notify you of personnel actions.

#### 4. How do I know if I am in the wrong retirement plan?

Which retirement plan you belong in depends upon the type of appointment you have and your work history. The rules can be complicated. That’s why some employees are in the wrong plan. Below are some of the common errors, broken down by retirement plan. Find your retirement plan, and see if you fit any of the situations listed. If you do, you may be in the wrong plan. But, remember there are exceptions to the general rules. You may be in the right retirement plan because you fall under one of the exceptions (like the one shown under CSRS Offset). Contact your Human Resources office. They can help you.

If your retirement plan is:	Then you may be in the wrong plan if you:
CSRS	<p>Worked for the Government before 1984, but your first appointment under CSRS was after 1983; or</p> <p>Left Federal employment for more than a year at any time after 1983.</p>
CSRS or CSRS Offset	<p>Have a temporary appointment limited to a year or less, a term appointment, or an emergency indefinite appointment; or</p> <p>Have no Federal civilian employment before 1984; or</p> <p>Do not have a career or career conditional appointment and you work on an intermittent basis. (See the work schedule block on your SF-50.)</p>
CSRS Offset	<p>Did not work for the Government for a total of 5 years before 1987. (Don't count your military service.)</p> <p>Exception: If you worked under CSRS, left the Government, and your agency placed you in CSRS Offset on your return, your CSRS Offset coverage is probably correct if you had 5 years Government service when you left.)</p>
FERS	<p>Have a temporary appointment limited to a year or less; or</p> <p>Do not have a career or career conditional appointment and you work on an intermittent basis; or</p> <p>Have worked for the Government under a retirement plan continuously since December 31, 1983, unless you elected to transfer to FERS during the 1987 or 1998 FERS Open Seasons.</p>

## 5. Does FERCCA affect me?

Yes, if you have been in the wrong retirement plan for at least 3 years AFTER December 31, 1986. Questions 7 and 8 address the two exceptions to this rule.

It does not matter that your agency may have already corrected the error or that you have retired or no longer work for the Government. As long as the error was in effect for at least 3 years of your Federal service after December 31, 1986, then you may be eligible to change your retirement plan.

## 6. Do survivors get an election under FERCCA?

If an employee, former employee, or retiree would have had a choice under FERCCA but died before making an election, then the survivor can make that election instead.

## 7. My agency put me in FERS by mistake. When it discovered the error, my agency let me choose whether I wanted to remain in FERS. Do I get another choice under FERCCA?

No, you don't get a second choice.

Certain employees whose agency placed them in FERS in error could choose to remain in FERS when the agency discovered its error. If they declined FERS, the agency placed them in the correct retirement plan (CSRS, CSRS Offset, or Social Security only). If you already had this opportunity to choose between FERS and CSRS, CSRS Offset, or Social Security only; then FERCCA does not give you an opportunity to change your decision.

## 8. Are there any other categories of employees with retirement coverage errors that FERCCA does not affect?

FERCCA does not affect you:

- If you worked under the wrong plan for less than 3 years after December 31, 1986.
- If you belonged in FERS and your agency corrected your records when it discovered the error and you later separated and took a refund of all FERS retirement deductions.
- If you belonged in FERS and your agency corrected your records when it discovered the error and you chose to withdraw your TSP contributions. See

Question 9 for the kinds of withdrawals that will prevent you from having a choice of retirement plans under FERCCA.

- If you received a payment ordered by a court or provided as settlement of a claim for losses resulting from a retirement coverage error, you may not make an election under FERCCA unless you repay the amount you received or OPM waives repayment.

**9. I belonged in FERS. My agency has corrected my records. I withdrew my TSP contributions. Can I now make an election under FERCCA?**

It depends on when you withdrew your TSP contributions and the kind of withdrawal you made.

You can make an election under FERCCA if you:

- Separated from Government service after your agency corrected your records -- but you did not retire -- and the TSP automatically paid your account balance to you because it was \$3,500 or less;
- Retired and withdrew your TSP contributions; or
- Received a financial hardship in-service withdrawal, or a TSP loan.

You cannot make an election under FERCCA if you:

- Separated from Government service after your agency corrected your records -- but you did not retire -- and you withdrew your TSP contributions. This does not include the TSP automatic payment described above; or
- Received an age-based in-service withdrawal from your TSP account.

**10. What about errors in Social Security coverage? Does FERCCA give me a choice about Social Security?**

No, FERCCA does not change the law on Social Security coverage. If you should have had Social Security coverage during your Federal employment, then you must have Social Security coverage in addition to your Federal retirement coverage. You have no choice. If your agency incorrectly put you in CSRS when it should have put you in CSRS Offset, it must correct your retirement coverage to CSRS Offset. The Social Security law requires you to have Social Security coverage. Likewise, if your agency incorrectly put you in CSRS Offset

when it should have put you in CSRS, it must correct your retirement coverage to CSRS because you are not eligible for Social Security coverage during your Federal employment. You cannot choose to keep your Social Security coverage. However, Social Security will give you credit for all but the last 3 years before your record was corrected. See Question 22.

### **11. I know I'm in (or was in) the wrong retirement plan. What do I do now?**

You don't need to do anything just yet.

OPM is working out the details related to the election opportunities FERCCA offers. As soon as it can, OPM will send out guidance. Your agency will then contact you and tell you what you need to do next.

You can monitor OPM's Error Correction Web Site at [www.opm.gov/benefits/correction](http://www.opm.gov/benefits/correction), and sign up on the email subscription list to receive updates directly by email. You can access the email subscription list by clicking on the "Subscribe to Email List" link on the web site.

If you are about to retire, let your agency know. We at OPM will work with your agency to get you the information you need before you retire.

### **12. I no longer work for the Government, but I was in the wrong retirement plan during my employment. What do I do now?**

You don't need to do anything just yet.

OPM is working out the details related to the election opportunities FERCCA offers. As soon as it can, OPM will put instructions on its Error Correction Web Site telling you whom to contact.

You can monitor the web site at [www.opm.gov/benefits/correction](http://www.opm.gov/benefits/correction), and sign up on the email subscription list to receive updates directly by email. You can access the email subscription list by clicking on the "Subscribe to Email List" link on the web site.

### 13. What elections can I make under FERCCA?

If your agency put you in:	And you belonged in:	Then you may choose between:
CSRS or CSRS Offset	FERS	CSRS Offset and FERS coverage
	Social Security only	CSRS Offset and Social Security-only coverage
FERS	CSRS	FERS and CSRS coverage*
	CSRS Offset	FERS and CSRS Offset coverage*
	Social Security only	FERS and Social Security-only coverage*

\*If you already had this choice, you do not have an opportunity to change your election under FERCCA. See Question 7 for an explanation.

### 14. I'm retired from the Federal government, but my agency changed my retirement plan before I retired because of an error. Can I still make an election?

Retirees have the same choices under FERCCA that active employees have. See Question 5 to find out if you are eligible to make an election.

### 15. Before I retired, my agency changed my retirement plan to FERS to correct an error. If I choose CSRS Offset, do I have to pay back the money my agency put in my Thrift Savings Plan (TSP) account?

When your agency corrected your retirement coverage to FERS, it also should have contributed make-up agency contributions and lost earnings on those contributions to your TSP account.

If you now choose CSRS Offset, no adjustments will be made to your TSP account. Instead, OPM will find out how much of your TSP account is based on what your agency contributed (this includes the earnings on those contributions). That dollar amount will form the basis for an actuarial reduction in your CSRS Offset retirement benefit.

**16. I'm a widow of a Federal employee who was in the wrong retirement plan. When my husband died, the retirement coverage was FERS and I received a lump sum benefit based in part on his final salary. Do I have to pay that back before I can elect CSRS Offset?**

No, you do not have to pay it back.

The lump sum benefit you received is known as the Basic Employee Death Benefit. It is equal to half of your spouse's final salary plus an additional amount. Surviving spouses choose whether they want to receive this benefit in a single payment or in equal installments over 36 months. This benefit is only available under FERS.

FERCCA has special rules for surviving spouses who choose CSRS Offset rather than FERS and were paid a Basic Employee Death Benefit. Instead of you paying it back, OPM will apply an actuarial reduction when it calculates your CSRS Offset survivor benefit.

**17. I worked for the Government before I came under a retirement plan. I made payments to OPM so I could get retirement credit for that time. If I change retirement plans under FERCCA, what happens to those payments?**

It is possible that because of a retirement coverage error, you paid either too much or too little for service you performed before you had retirement coverage.

Under FERCCA, if you paid too much, you can receive a refund, plus interest, of any money that you paid over the amount needed to pay for the service.

Also, if you now owe more for service you performed before you had retirement coverage, you do not have to pay any additional money for that time to count. Instead, we will apply an actuarial reduction when we calculate your future retirement benefit. If you die before retiring, we will apply the actuarial reduction to your survivor's benefit.

**18. I was in the military. I made payments to my agency so I could get retirement credit for my military time. If I change retirement plans under FERCCA, what happens to those payments?**

It is possible that because of a retirement coverage error, you paid either too much or too little for your military service.

Under FERCCA, if you paid too much, you can receive a refund, plus interest, of any money that you paid over the amount needed to pay for your military service.

Also, if you now owe more for your military service, you do not have to pay any additional money for your military time to count. Instead, we will apply an actuarial reduction when we calculate your future retirement benefit. If you die before retiring, we will apply the actuarial reduction to your survivor's benefit.

**19. How do I make an election? Will someone be available to help me decide what to do?**

In the coming months, OPM will be providing agencies and employees with detailed information about FERCCA, the different retirement plans, and how you make an election.

Because you cannot change your election of retirement plans, OPM wants to make sure that you receive complete counseling about your options before you make your election. OPM will contact you and provide you with detailed information regarding your options under FERCCA. For example, you will know how much you can expect to receive under each retirement plan, including Social Security and Thrift Savings Plan benefits. You do not have to make an election until you have had the opportunity to ask all questions you have about your retirement benefits.

We at OPM realize that some of you may be postponing retirement or other major events until your retirement coverage error is resolved. While we will provide election information and benefits counseling as soon as possible, we will make special provisions for those individuals who need to make an election immediately.

## **20. Will changing my retirement plan cost me any money?**

Unless you choose FERS, there is no additional cost to you. If you choose FERS, you will only incur additional costs if you decide to make additional TSP contributions (known as make-up contributions). These are contributions that you could have made if you had been correctly covered by FERS. Of course, you're the one who chooses how much additional contributions you want to make.

## **21. I worked for a number of years during which I should have been paying into Social Security, but I only paid into CSRS. Can I get any Social Security credit for that work? And, if so, how much will it cost me?**

You will get Social Security credit for all that work, and it won't cost you anything. Your agency will send the Social Security Administration a record of your earnings during all the years you should have had Social Security coverage. All of the CSRS contributions you made during those years that are not needed to cover your retirement costs will be transferred to Social Security. This transfer will pay all the Social Security taxes you owe.

## **22. I should have been CSRS. Instead, I paid into Social Security. What happens to the Social Security taxes I paid when my agency corrects my retirement coverage to CSRS?**

Except for the last 3 years, the money you erroneously paid into Social Security will remain to your credit in the Social Security fund. The Social Security Administration will include all but those last 3 years in determining your eligibility for, and the amount of, future benefits.

The amount you paid into Social Security for the last 3 years will be transferred to your account in the Civil Service Retirement fund. Your employing agency will pay all additional retirement contributions owed for your CSRS time. It may not go back and bill you for additional retirement deductions when it corrects the error.

## **23. My retirement coverage error was corrected before FERCCA became law. I had to pay for things that are now covered under FERCCA. Is there any way I can recover the money I paid?**

FERCCA allows OPM to compensate individuals for certain expenses and losses related to correction of a retirement coverage error. OPM will issue detailed guidance regarding the specific types of expenses and losses that will be compensated.

#### **24. What happens to my Thrift Savings Plan account when my error is corrected?**

If you are erroneously covered by FERS and you choose to move out of FERS, FERCCA allows you to keep the employee contributions you made to your TSP account in your TSP account even if the contributions exceed 5 percent of the basic pay you earned for the pay period that contributions had been made. However, all agency contributions that were made to your account and the attributable earnings must be removed from your account if you do not remain under FERS.

If you choose FERS coverage under FERCCA, you may make up those employee contributions that you could have made had you been correctly covered by FERS, as provided by the current TSP error correction legislation. In addition, you will receive the agency automatic (1%) contributions and agency matching contributions that you should have received had you been correctly covered by FERS. Finally, you will receive lost earnings on both your employee and agency make-up contributions. (Prior to FERCCA, lost earnings were payable only on agency make-up contributions.) The lost earnings on both employee and agency contributions will be determined the same way lost earnings are now determined on agency make-up contributions (that is, as provided by the current TSP regulations).

#### **25. I'm in the wrong retirement plan. My agency hasn't corrected my records. Is there anything that my agency should be doing now to correct the error?**

Your agency shouldn't do anything if you have a choice under FERCCA. We have asked agencies to stop processing those retirement coverage corrections until we can work out the details necessary to implement FERCCA. Please be assured that any delay in correcting your records will not adversely affect you.

**26. My agency corrected my records from CSRS to CSRS Offset. Wouldn't I have been better off if I could have stayed in CSRS?**

Actually, you're probably better off in CSRS Offset because you're earning benefits under both Social Security and CSRS.

Your combined benefits under Social Security and CSRS Offset will be at least the same as, if not more than, what you would have received under Social Security and CSRS if your record had not been corrected.

While working, you are earning retirement credits under the relatively generous CSRS formula. You also are adding to any Social Security benefits you have already earned, increasing your career earnings under Social Security and, as a result, your Social Security benefit.

When you retire, OPM will compute your CSRS Offset benefit under the same rules that apply to other CSRS retirees. When you become eligible for Social Security benefits, OPM will reduce your benefit. This reduction is based on the value of the Social Security benefit you earned during your CSRS Offset service. In other words, instead of getting one check from OPM for all of your Federal service, some of the payment will come from the Social Security Administration.

In addition, with more of your retirement income paid from Social Security, you have an increased tax advantage because part, or all, of your Social Security benefit will be exempt from Federal income tax. Only a small portion of a CSRS, or CSRS Offset, benefit is exempt from Federal income tax.