



United States
Office of Personnel Management
Retirement and Insurance Service

Benefits Administration Letter

Number: 98-105

Date: March 16, 1998

Subject: FERS Election Opportunities

Background: On October 20, 1997, we issued Benefits Administration Letter 97-112, which informed benefits officers that the President had exercised his line item veto to cancel section 642 of the Treasury and General Government Appropriations Act 1998, effectively canceling the Federal Employees Retirement System (FERS) open enrollment period the Act had established from July 1, 1998 through December 31, 1998. In settlement of litigation brought by the National Treasury Employees Union, the President withdrew his line item veto on January 6, 1998. He has since included in his budget for Fiscal Year 1999 a supplemental appropriations request for 1998 that repeals the FERS Open Enrollment Act. The Office of Personnel Management (OPM) has received numerous requests from agencies for information on the status of a FERS open season and what assistance OPM will give agencies if there is an open season.

If Congress approves the President's request for repeal, there will be no open season. The Administration is hopeful that the repeal will be enacted. However, if Congress does not act, the open season to allow Civil Service Retirement System (CSRS) covered employees to elect coverage under FERS will begin on July 1, 1998 and end on December 31, 1998. In that event, OPM and all Federal agencies will be prepared to assist all affected Federal employees with their decisions with guidance and support before, during and after the open season.

As you know, we are in a dramatically different situation today than we were in 1987. We now have more than 10 years' experience administering FERS. FERS is not an unknown to employees as it was during their original opportunity to transfer in 1987. The apprehension that many employees had about a new retirement system has been dispelled and the features of the system are well known now.

In addition, every affected employee has already made at least one election decision in the past. As importantly, today's technology enables us and the employing agencies to make information available to employees far more easily than in the past, and to make that information more user friendly.

*Civil Service
Retirement
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*Federal Employees
Group Life
Insurance*

*Federal Employees
Health Benefits
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*Federal Employees
Retirement
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Because there continue to be CSRS employees returning to Federal service after a break in service with the opportunity to elect FERS coverage, we maintain guidance and products to support these election decisions. The **FERS Transfer Handbook** was updated in October of 1997 and is on our web site at www.opm.gov/asd/htm/pub.htm. Agencies also can order it via a Government Printing Office (GPO) rider. (See Benefits Administration Letter 98-703 dated March 16, 1998.) This is the primary guidance vehicle for employees faced with a FERS election opportunity. It outlines, and compares and contrasts the features of both systems. It also informs the employee of the factors to consider in making his or her decision and provides examples of benefits under both systems for employees in various stages of their careers and at various income levels.

Employees can also use a PC-based transfer model program that allows them to obtain projections of their benefits under CSRS and FERS. The current transfer model is available on OPM's electronic bulletin board, OPM ONLINE, by dialing 202-606-4800 and accessing the Retirement Forum.

To take advantage of today's technology to facilitate these ongoing elections, by May 15, we will establish a FERS Election Opportunity page on our web site. This site will have the **FERS Transfer Handbook** in addition to other guidance and an updated FERS transfer model. The new model will be a more user friendly system to allow employees to project their retirement benefits under both systems, inputting their own specific data and using their own assumptions concerning Thrift Savings Plan participation and rates of return.

Although this web site is being developed to address the requirements of ongoing FERS election opportunities, one of the specifications for the site is that it must be scalable to allow for greatly increased usage if there is a FERS open season.

In conjunction with the web site, we will simultaneously develop and distribute to agencies a CD-ROM that will mirror the FERS Election Opportunity web site, for employees without access to the Internet. If there is a FERS open season, this will be part of a FERS open season administrator's package that we will make available to agency personnel offices. The package will contain a guide to administering the open season, the CD-ROM, sample employee letters, and articles for distribution on agency intranets, local area networks (LANS), email, newsletters, etc.

If it occurs, OPM is prepared to take the lead on implementing and administering a FERS open season. Our plan is to use the existing tools we have developed for ongoing FERS election opportunities, maximizing their capabilities and augmenting them with the administrator's package outlined above. We will work with agencies and their retirement counselors to ensure that all eligible employees receive the information and support they need to make informed decisions based on their own circumstances.

As soon as we have further information, we will let you know.


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