



Benefits Administration Letter

Number: 14-208

Date: October 7, 2014

Subject: Phased Retirement and Federal Employees' Group Life Insurance (FEGLI) Program Guidelines

Background

On August 8, 2014, the Office of Personnel Management (OPM) issued the final regulation to implement phased retirement pursuant to section 100121 of the "Moving Ahead for Progress in the 21st Century Act," or "MAP-21," Public Law 112-141. This law authorized changes to the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS) by amending title 5, United States Code, to include sections 8336a and 8412a.

Phased retirement is a new human resources tool that allows full-time employees to work a part-time schedule while beginning to draw partial retirement benefits. The purpose of this letter is to provide guidance to Federal agencies seeking to implement the new phased retirement program as it pertains to the Federal Employees' Group Life Insurance (FEGLI) Program.

Federal Employees' Group Life Insurance Coverage for CSRS and FERS

A phased retiree is deemed to be a full-time employee for the purpose of the FEGLI Program, and the FEGLI withholding and employer contribution will be the same as for full-time employees. The amount of Basic and Optional coverage is based on the law and regulations at 5 U.S.C. chapter 87 and 5 C.F.R. part 870, respectively, and coverage (including applicable accidental death and dismemberment coverage) is the same as the benefit amounts for full-time employees.

Transition to Phased Retirement

An employee who enters phased retirement will not be eligible to change his or her FEGLI coverage based on entry into phased retirement status as phased retirement is not a change in family circumstances that will allow an employee to cancel a waiver of Basic or Optional insurance. Similarly, individuals who change agencies or duty stations during phased retirement will maintain their current enrollment unless they are otherwise eligible to make changes. Eligible phased retirees, however, will be able to elect enrollment changes in accordance with existing FEGLI law and regulation.

During phased retirement, an employee's FEGLI enrollment will stay with the employing agency, and all FEGLI premiums will be withheld from the employee's salary. FEGLI premiums will not be withheld from an individual's annuity until full retirement. If, at the time of full retirement,

the employee meets the participation requirements to continue FEGLI during retirement, his or her FEGLI enrollment will transfer to OPM.

There is no change in FEGLI rules concerning the dates that coverage begins, terminates, or cancels. Also, conversion and assignment of Basic insurance and Optional insurance is the same as for full-time employees under 5 U.S.C. chapter 87 and part 5 C.F.R. part 870.

During phased retirement, FEGLI claims are paid in accordance with existing law and regulation. The same payment options are available to phased retirees as are available to full-time employees. For additional information on payment options, please refer to the 2014 FEGLI Handbook subchapter entitled "Payment of Claims."

Transition from Phased Retirement to Full-Time Employment

After entering phased retirement, a phased retiree can end his or her phased retirement to return to being a regular full-time employee, if the employing agency agrees to the change. The phased retirement annuity will then terminate. Once an individual has gone back to being a full-time employee, the individual cannot elect to go back into phased retirement.

No additional forms need to be completed or submitted to maintain the existing FEGLI coverage. Returning to regular full-time employment after phased retirement is not a change in family circumstances that will allow an employee to cancel a waiver of Basic or Optional insurance. The employee will not be eligible to change his or her FEGLI coverage unless the return to full-time service is during a FEGLI open season or the change is otherwise permitted by law or regulation. Similarly, individuals who change agencies or duty stations will maintain their current enrollment unless they are authorized by law or regulation to make changes.

Transition from Phased Retirement to Part-Time Employment

A phased retiree may end his or her phased retirement to become a part-time career employee as defined by Federal law and regulation, if the employing agency agrees to the change. The phased retirement annuity will then terminate. Once an individual has become a regular part-time employee, the individual cannot elect to go back into phased retirement.

An employee who ends his or her phased retirement to become a part-time career employee must pay the applicable enrollee share of the FEGLI premium as required by Federal law and regulation. No additional FEGLI forms need to be completed or submitted to maintain the existing FEGLI coverage. A phased retiree who ends his or her phased retirement to become a part-time career employee will be able to make enrollment changes in accordance with existing FEGLI law and regulation.

If the employee becomes a part-time career employee the change will affect both the amount of the employee's coverage (the basic insurance amount) and the amount of premiums for Basic insurance. For current Basic premiums, you may refer to the 2014 FEGLI Handbook chapter entitled "Withholdings For Basic Insurance" at: <http://www.opm.gov/healthcare-insurance/life-insurance/reference-materials/publications-forms/fegli-handbook/>.

Transition from Phased Retirement to Full Retirement

A phased retiree may voluntarily apply for full retirement in the same manner as other employees. The employee does not have to obtain the permission of his or her agency to fully retire. If a

phased retiree elects full retirement, his or her FEGLI coverage continues unless it is cancelled or terminated in accordance with existing law and regulation.

Phased retirement is creditable toward the 5 years of service needed to continue FEGLI coverage as an annuitant. In the event an employee ends his or her phased retirement for full retirement, FEGLI coverage will continue if the employee meets all eligibility requirements.

Death in Service During Phased Retirement

If a phased retiree dies in service while enrolled in FEGLI, you must provide the SF 2821 and designations (if on file) when certifying FEGLI coverage. Also, please provide all other FEGLI-related file documents with the certification of FEGLI coverage. If documents do not exist or are otherwise difficult to obtain, you may provide a copy of the separation SF 50 “*Notification of Personnel Action*”.

As is the current procedure, we require two signatures from authorized agency officials on the SF 2821, one with access to personnel records, and the other with access to payroll records. This requirement reduces the possibility of an incorrect certification and helps to verify that the payroll and personnel offices have maintained the same level of coverage for the employee. Also, please show the full-time basic pay rate as the annual basic pay on the SF2821.

You must send the duplicate (Part 2) SF2821 to the Office of Federal Employees’ Group Life Insurance (OFEGLI). Keep the original and attach it to the Claim for Death Benefits (Form FE-6) when received. If no claim for death benefits is received, send the original (Part 1) SF 2821, upon request, to OFEGLI.

For FEGLI claims and regular mail, the new OFEGLI mail processing address (effective April 1, 2014) is: OFEGLI P.O. BOX 6080 SCRANTON, PA 18505-6080; for overnight deliveries only (such as express mail), the new OFEGLI mailing address is: OFEGLI 123 WYOMING AVE., 3RD FLOOR SCRANTON, PA 18503.

Employees Who Separate From Federal Service During Phased Retirement

The Basic insurance and Optional insurance of a phased retiree stop at the time the employee separates from service. The employee is entitled to a 31-day extension of coverage, and, if the insurance terminates for any reason other than voluntary cancellation, the employee may apply to convert all or any part of his or her Basic and Optional insurance to an individual policy.

You must notify the employee/assignee(s) of the loss of coverage and the right to convert to an individual policy either before or immediately after the event causing the loss of coverage. You must issue to the employee the SF 2821 and SF 2819 “*Notice of Conversion Privilege*.”

If an employee is eligible to continue coverage as an annuitant, give the employee the SF 2818 “*Continuation of Life Insurance As an Annuitant or Compensation*er” to complete. Send all the paperwork to the OPM Retirement Office.

If the employee is not eligible to continue coverage, the coverage ends at the time the employee separates from service with 31 days free coverage and the right to convert. You must give the employee an SF 2819 and SF 2821, so that he/she has the opportunity to convert the FEGLI coverage.

Other Benefits Programs

The statutory authority for phased retirement and OPM's final rule do not pertain to other benefits programs for which Federal employees and certain individuals are eligible. These programs include the Federal Employees Dental and Vision Program (FEDVIP), Flexible Spending Account (FSAFEDS) Program, and Federal Long Term Care Insurance Program (FLTCIP). **A phased retiree will continue to be eligible to enroll for coverage under these programs or make changes to existing coverage based upon existing law and regulation.**

If you have any other questions or comments regarding this BAL, you may email us at fegli@opm.gov. For more information on the FEGLI Program, please visit www.opm.gov/insure/life.

John O'Brien
Director
Healthcare and Insurance

ATTACHMENT 1

FEGLI PHASED RETIREMENT BAL – Point of Contacts

For general information on Phased Retirement, agency field offices should contact their appropriate headquarters-level agency human resources office. Agency headquarters-level human resources offices may contact the following OPM offices:

Pay and Leave

202-606-2858

pay-leave-policy@opm.gov

U.S. Office of Personnel Management

Pay and Leave, Employee Services

1900 E Street, NW Room 7H31

Washington, DC 20415

Internal Placement, Promotions, Reduction in Force, Details, and Outside Employment

202-606-0960

employ@opm.gov

U.S. Office of Personnel Management

Employee Services

Recruitment and Hiring, Hiring Policy

1900 E Street, NW Room 6500

Washington, DC 20415

Mentoring

202-606-0913

gwmentoring@opm.gov

U.S. Office of Personnel Management

1900 E Street, NW Suite 7439

Washington, DC 20415

Partnership and Labor Relations, Employee Relations

202-606-2930

plr@opm.gov

U.S. Office of Personnel Management

Partnership and Labor Relations, Employee Services

1900 E Street, NW Suite 7H28

Washington, DC 20415

Retirement Services, Benefits Officers Liaison and Development

202-606-0788

benefits@opm.gov

U.S. Office of Personnel Management

Benefits Officers Liaison and Development, Retirement Services

1900 E Street, NW Room SB 427

Washington, DC 20415

Planning and Policy Analysis, Federal Employee Insurance Operations

202-606-0004

Ronald.Brown@opm.gov

U.S. Office of Personnel Management

Planning and Policy Analysis (FEIO)

1900 E Street, NW Room 4312

Washington, DC 20415

Office of the Chief Financial Officer (OCFO), Financial Services

202-606-0606

FinancialBALs@opm.gov

U.S. Office of Personnel Management

Chief Financial Officer, Financial Services

1900 E Street, NW Room 5478

Washington, DC 20415

Office of the Chief Information Officer (OCIO), Records Management

202-606-1162

Larry.Wells@opm.gov

U.S. Office of Personnel Management

Chief Information Officer, Records Management

1900 E Street, NW Room 2336

Washington, DC 20415