



PAYROLL OFFICE LETTER

U. S. Office of Personnel Management

Number: P-98-06

Date: June 22, 1998

Subject: FERS Open Season

As you are aware, OPM has issued guidance advising employing agencies of an upcoming Federal Employee Retirement System Open Season [Benefits Administration Letters (BAL) 98-105, 98-107, 98-109, and Financial Management Letter (FML) F-98-04]. The **FERS Open Season Enrollment Act of 1997** affords employees covered by Civil Service Retirement System (CSRS) an opportunity to elect Federal Employee Retirement System Coverage (FERS) during the period of July 1 through December 31, 1998. The purpose of this letter is to provide payroll offices with guidance on processing payroll changes for employees who do elect to transfer to FERS.

THE SF 50

Upon approving an employee election to transfer to FERS, personnel offices will process personnel action forms -- SF-50s or the equivalent -- in accordance with the "Guide to Processing Personnel Actions". For employees transferring to FERS, the Legal Authority Code, Block 5c, will contain **ZSE**. The Legal Authority in Block 5d will be **Public Law 105-61**. There will also be comments included in the "remarks" section associated with **Rule 10, Authority Code ZSM**.

PAYROLL OFFICE ACTIONS

When an employee elects to be covered by FERS, his/her SF2806 (Individual Retirement Record - CSRS) will be either "frozen" or "redesignated." Generally, if the employee has a total of at least five years of potentially creditable civilian service under CSRS rules, his/her SF 2806 will be frozen. If, on the other hand, the employee transfers with less than five years, his/her SF 2806 will be redesignated as an SF 3100 (Individual Retirement Record - FERS). The need to redesignate SF 2806s pertains to certain employees with CSRS offset coverage and is not covered by this letter -- payroll offices are referred to the CSRS and FERS Handbook, Section 81.

Upon receipt of an SF-50 or equivalent, signifying an employee's election to transfer to FERS, payroll

offices must take the following steps:

- Generate or close-out the SF 2806 as of the end of the pay period during which the employee election to transfer to FERS is made. [For example, if an employee elects to transfer to FERS on July 26 and the pay period ends on July 31, the SF 2806 would be created as of on July 31.]

- On the SF 2806, post the:
 - effective date of the transfer

 - final balance of CSRS withholdings

 - sick leave balance.

- Enter "FROZEN RETIREMENT RECORD" in the "*Do not use*" portion of the SF 2806.

- Initiate an SF 3100 as of the effective date of the transfer to FERS. The SF 3100 should be annotated with the effective date of transfer. Please ensure there is no gap in coverage between the date the SF2806 is closed-out and the date the SF3100 is initiated. [Using the above example, the election to FERS would be effective on August 1, the first day of the pay period following the election.]

Do not submit frozen SF2806s to OPM -- they must be maintained by the servicing payroll office until the employee separates.

Please direct inquiries on this matter to us on (202) 606-0606; our fax number is (202) 606-7944, or email us at **finance@opm.gov**.



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