

**CSRS**

**FERS**

**Lump Sum Benefits**

**Chapter 75**

***Important Notice***

*On June 26, 2013, the Supreme Court ruled that Section 3 of the Defense of Marriage Act (DOMA) is unconstitutional. As a result of the Supreme Court's decision, the United States Office of Personnel Management (OPM) will now be able to extend certain benefits to Federal employees and annuitants who have legally married a spouse of the same sex, regardless of the employee's or annuitant's state of residency. OPM is currently in the process of updating and revising the website to reflect this change, and will be updating this information as soon as possible. Please check back in the coming weeks for updates.*

**Table of Contents**

**Subchapter 75A CSRS**

**Part 75A1 General Information**

**Section 75A1.1-1 Overview** . . . . . 1

A. Introduction . . . . . 1

B. Topics Covered . . . . . 1

C. Organization of Subchapter . . . . . 1

D. Statement of Authority . . . . . 1

**Section 75A1.1-2 Definitions** . . . . . 2

A. Order of Precedence . . . . . 2

B. Lump-Sum Credit . . . . . 3

**Section 75A1.1-3 Payment of the Lump-Sum Credit** . . . . . 4

A. General Rule: No Survivor Annuity Payable . . . . . 4

B. General Rules: Survivor Annuity Payable . . . . . 4

C. Effect of Government Claims . . . . . 4

D. Federal Income Tax Withholding . . . . . 5

**Part 75A2 Procedures**

**Section 75A2.1-1 Applying for the Lump-Sum Credit** . . . . . 6

A. Agency Responsibility . . . . . 6

B. Applicant Responsibility . . . . . 6

C. OPM Responsibility . . . . . 7

**Section 75A2.1-2 Applying for Public Safety Officers' Benefits** . . . . . 8

**Subchapter 75B FERS**

**Part 75B1 General Information**

**Section 75B1.1-1 Overview** . . . . . 9

A. Introduction . . . . . 9

B. Organization of Subchapter . . . . . 9

C. Statement of Authority . . . . . 9

**Section 75B1.1-2 Definitions** . . . . . 10

A. Lump-Sum Credit . . . . . 10

B. Applicable CSRS Provision . . . . . 10

---

<b>Section 75B1.1-3 Payment of the Lump-Sum Credit</b> . . . . .	11
A. Payment of Lump-Sum Credit . . . . .	11
B. Applicable CSRS Provisions . . . . .	11
 <b>Part 75B2 Procedures</b>	
<b>Section 75B2.1-1 Applying for the Lump-Sum Credit</b> . . . . .	12
A. Applicable CSRS Provisions . . . . .	12

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**Subchapter 75A CSRS****Part 75A1 General Information****Section 75A1.1-1 Overview**

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**A. Introduction**

This subchapter outlines the circumstances under which lump-sum benefits, specifically the lump-sum credit, may be paid under CSRS to an eligible survivor upon the death of an employee. Agencies should advise survivors of former employees or retirees to contact OPM directly for information about their possible entitlements.

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**B. Topics Covered**

This subchapter covers:

- The order of precedence that establishes who may receive the lump-sum credit;
  - The content of the lump-sum credit;
  - The rules that apply in paying the lump-sum credit to eligible survivors; and
  - The procedures the survivor must follow to apply for the lump-sum credit.
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**C. Organization of Subchapter**

This subchapter has two parts.

<b>PART</b>	<b>NAME OF PART</b>	<b>PAGE</b>
75A1	General Information	1
75A2	Procedures	6

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**D. Statement of Authority**

This subchapter is based on the laws and regulations cited below.

- United States Code: 5 U.S.C. 8342
  - Code of Federal Regulations: 5 CFR 831.2001, 2003-2006
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**Section 75A1.1-2 Definitions**

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**A. Order of Precedence**

The lump-sum credit may be paid to the person or persons surviving the deceased employee in the following order of precedence.

**1. Designated Beneficiary**

The beneficiary or beneficiaries designated by the individual in a signed and witnessed writing received in the Office of Personnel Management (OPM) before the date of death.

**NOTE:** See Chapter 34, Designation of Beneficiary, for more information about designating beneficiaries.

**2. Widow or Widower**

If there is no designated beneficiary, to the widow or widower of the individual.

**3. Child or Children**

If none of the above, to the child or children, with the share of any deceased child distributed among the descendants of that child.

**4. Parents**

If none of the above, to the parents in equal shares or the entire amount to the surviving parent.

**5. Executor or Administrator of the Estate**

If none of the above, to the appointed executor or administrator of the estate, or to any other person who has authority under applicable State law to represent the deceased's estate.

**6. Next of Kin**

If none of the above, to the next of kin determined by OPM to be entitled under the laws of the domicile of the deceased at the date of death.

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**Section 75A1.1-2 Definitions (Cont.)**

**B. Lump-Sum Credit** The lump-sum credit consists of the unrefunded amount of one or more of the following:

- Retirement deductions withheld from the employee's pay;
- Redeposits of refunds previously paid;
- Deposits for civilian service;
- Deposits for post-1956 military service;
- Interest on deductions through December 31, 1956 (see Chapter 32, Refunds, section 32A.1-3, paragraph D);
- In the case of an employee or former employee who dies with less than 5 years of creditable service, interest to the date of separation (or transfer to a position not covered by CSRS) on any amount covering over 1 year of service. (See Chapter 32, section 32A1.1-3, paragraph D.)

**NOTE 1:** Voluntary contributions are not part of the lump-sum credit; however, if an employee dies in service or after separation from service, the voluntary contributions (plus interest) will be paid in a lump-sum payment under the order of precedence. See Chapter 31, Voluntary Contributions, for further details.

**NOTE 2:** The lump-sum credit may be disbursed to an employee or former employee in one of three ways:

- Through a refund payment to a separated employee not then entitled to an annuity;
  - Through a lump-sum payment under the alternative annuity provision; or
  - Through the payment of annuity.
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**Section 75A1.1-3 Payment of the Lump-Sum Credit**

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**A. General Rule: No Survivor Annuity Payable**

If there is no survivor who is entitled to monthly survivor annuity benefits on the death of an employee, the total lump-sum credit in the retirement fund is payable to the person(s) entitled under the normal order of precedence. (See section 75A1.1-2, paragraph A, for the definition of order of precedence.)

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**B. General Rules: Survivor Annuity Payable**

1. If an employee dies in service, and a survivor annuity is payable to a spouse, former spouse, or child/children, the person entitled in the order of precedence described in section 75A1.1-2, paragraph A, may not be paid the total lump-sum credit. However, he or she may be paid that portion of the lump-sum payment consisting of:
    - Retirement deductions withheld from the employee's pay after the employee became eligible for the maximum annuity;
    - Partial redeposits of refunds previously paid, unless the survivor completes payment of the redeposit;
    - Partial deposits for civilian service performed on and after October 1, 1982, unless the survivor completes payment of the deposits; and
    - Partial deposits for post-1956 military service.
    - Completed deposits for post-1956 military service when the military service is not used to compute the survivor benefit.
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**C. Effect of Government Claims**

A lump-sum payment is subject to any properly certified, timely request for recovery of a valid debt due the United States. Detailed information on debts due the United States is located in Chapter 4, Debt Collection.

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**Section 75A1.1-3 Payment of the Lump-Sum Credit (Cont.)****D. Federal Income  
Tax Withholding**

When an employee or a former employee dies, the amount of a lump-sum payment representing the employee's actual contributions is not subject to Federal income tax. However, any interest paid on those contributions is taxable in the year in which the refund is paid.

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**Part 75A2 Procedures****Section 75A2.1-1 Applying for the Lump-Sum Credit**

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**A. Agency  
Responsibility**

When an employee dies, the agency must:

1. Contact the next of kin or emergency addressee and advise him or her of the right to apply for death benefits.
2. Inform the next of kin about what benefits may be payable.
3. Assist the next of kin in completing the SF 2800, Application for Death Benefits.
4. Complete the SF 2800A, Agency Certification of Death in Service. (A copy of the form is in Chapter 70, Spouse Benefits - Death of an Employee.)
5. Complete the SF 2801-1, Certified Summary of Service.
6. Submit the deceased employee's Individual Retirement Record (SF 2806), SF 2801-1, and SF 2800A to OPM as soon as possible. Also submit the applicant's SF 2800 if the applicant sends it to the agency before the SF 2800A and SF 2806 are transmitted to OPM.

The deceased employee's records and associated applications are to be received in OPM within 30 days of the date of death.

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**B. Applicant  
Responsibility**

Applicants for lump-sum benefits must:

1. Complete the Application for Death Benefits (SF 2800) and attach any other forms and/or evidence as the application or circumstances require;
2. Attach a certified copy of the deceased's death certificate; and
3. Send the completed application to:
  - The employing agency if the agency has not yet forwarded the employee's records to OPM; or

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**Section 75A2.1-1 Applying for the Lump-Sum Credit (Cont.)****B. Applicant  
Responsibility  
(Cont.)**

- Directly to OPM if the employing agency has already forwarded the employee's records to OPM. The address is:

**Office of Personnel Management  
Employee Service and Records Center  
Boyers, PA 16017**

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**C. OPM  
Responsibility**

OPM determines what benefits are payable and, depending upon the type of benefit and the circumstances in a particular case, may request the applicant to submit additional evidence.

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**Section 75A2.1-2 Applying for Public Safety Officers' Benefits**

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**A. Public Safety  
Officer's Benefits**

The Public Safety Officers' Benefits Act of 1976 authorizes the Bureau of Justice Assistance (not OPM), to pay a benefit to specified survivors of public safety officers who have died as a direct and proximate result of a personal, traumatic injury, involving external force, sustained in the line of duty. Currently the amount of the benefit for a qualified survivor is \$141,556.00. This amount is subject to annual cost of living adjustments. The death benefit is payable in a lump sum to the spouse and eligible children of a deceased public safety officer. One-half of the benefit is paid to the spouse, and one half of the benefit is paid, in equal amounts, to the eligible children. The benefit will be paid to the deceased public safety officer's parents if no surviving spouse or children are eligible.

More information concerning this benefit can be obtained by contacting the Bureau of Justice Assistance at the following address:

Public Safety Officers' Benefits Program  
Bureau of Justice Assistance  
633 Indiana Avenue NW  
Washington DC 20531

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**Subchapter 75B FERS**

**Part 75B1 General Information**

**Section 75B1.1-1 Overview**

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**A. Introduction**

Subchapter 75B outlines the circumstances under which lump-sum benefits, specifically the lump-sum credit, may be paid under the Federal Employees Retirement System (FERS) to an eligible survivor upon the death of an employee. Agencies should advise survivors of former employees or retirees to contact OPM directly for information about their possible entitlements.

This subchapter explains how FERS differs from CSRS. It refers readers to the CSRS rule that applies or gives the FERS rule if it is different.

**NOTE:** This Chapter does not cover the basic employee death benefit payable in a FERS death-in-service case. See Chapter 70 for additional information.

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**B. Organization of Subchapter**

The FERS subchapter has two parts.

PAR	NAME OF PART	PAGE
75B1	General Information	8
75B2	Procedures	11

Subchapter 75B, covering lump sum benefits under FERS, begins on page 10.

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**C. Statement of Authority**

This subchapter is based on the laws and regulations cited below.

- United States Code: 5 U.S.C. 8424
  - Code of Federal Regulations: 5 CFR 843 Subpart A and B
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**Section 75B1.1-2 Definitions**

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**A. Lump-Sum Credit** The lump-sum credit under FERS consists of the unrefunded amount of one or more of the following:

- Retirement deductions (including CSRS Interim and CSRS Offset plan deductions) withheld from the employee's pay;
- Deposits for civilian service performed prior to January 1, 1989;
- Deposits for post-1956 military service;
- For certain transferees, redeposits of CSRS refunds previously paid;
- The balance after the return of excess deductions (civilian and military); and
- The variable rate of interest on deductions and deposits if the service covered totals at least 1 year. (See Chapter 32, section 32B1.1-3, paragraph H.)

**NOTE:** For a transferee with a CSRS annuity component, interest on the CSRS portion of the lump-sum credit accrues under CSRS rules. See section 75A1.1-2, paragraph B, above.

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**B. Applicable CSRS Provision** The definition of "Order of Precedence" in section 75A1.1-2A applies under FERS.

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**Section 75B1.1-3 Payment of the Lump-Sum Credit**

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**A. Payment of Lump-Sum Credit**

1. **Death in Service.** If an employee dies while employed, and no survivor is entitled to a survivor annuity (spouse, former spouse, or child), the lump-sum credit is paid to the person entitled under the order of precedence.

**NOTE:** The Basic Employee Death Benefit described in Chapter 70 is not a survivor annuity. Therefore, a surviving spouse can also be paid the lump-sum credit if that person is entitled to the lump-sum credit under the order of precedence.

2. **Deceased Former Employee.** When a separated employee dies, the lump-sum credit is paid in the order of precedence.

**NOTE:** The surviving spouse of a deceased former employee may be entitled to a survivor annuity (see Chapter 72, Spouse Benefits - Death of a Former Employee, for qualifying conditions). In such cases, the surviving spouse may choose either to receive that annuity or the lump-sum credit, unless some other person is the designated beneficiary.

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**B. Applicable CSRS Provisions**

The following provisions of section 75A1.1-3 apply under FERS.

- Paragraph C: Effect of Government Claims
  - Paragraph D: Federal Income Tax Withholding
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**Part 75B2 Procedures****Section 75B2.1-1 Applying for the Lump-Sum Credit**

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- A. Applicable CSRS Provisions**      The procedures under FERS are the same as under CSRS with the exception that the application for death benefits is designated SF 3104.
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