

Monday, December 18, 2000
CPM 2000-114

MEMORANDUM FOR: Heads Of Executive Departments And Agencies

FROM: Mary M. Sugar Officers Resource Center Retirement and Insurance

Subject: FERCCA Implementation

Background

Title II of Public Law 106-265, the Federal Erroneous Retirement Coverage Corrections Act (FERCCA) changes the rules for correcting errors in retirement coverage for some Federal employees. It helps individuals who experienced long-term harm because of a mistake in retirement coverage. Depending upon what the retirement coverage error was and how long an employee was in the wrong retirement plan, FERCCA may provide an employee one or all of the following:

- A choice between retirement plans;
- A new opportunity for make-up contributions to the employee's Thrift Savings Plan account;
- Lost earnings on make-up contributions already made as well as those made in the future;
- Payment for certain expenses and losses related to correction of a retirement coverage error; and
- An opportunity to receive credit for civilian or military deposit service by taking an actuarial reduction in the employee's retirement benefit, instead of paying a deposit.

Employees who have a choice of retirement plans under FERCCA have a deadline. How long they have to make their choice depends on whether or not the error has already been corrected. If the error has been corrected, the employee has 18 months from the date we publish FERCCA regulations to choose a different plan. We expect to publish these regulations no later than March 19, 2001. If the error has not been corrected, the deadline to choose a plan is 6 months from the date the employee receives formal notice explaining his or her FERCCA options.

What Needs to be Done

Choosing a retirement plan is an important decision. To make an informed decision, an employee needs to understand how that choice will impact his or her basic retirement benefits, Thrift Savings Plan, and Social Security benefits. Our goal is to ensure that everyone who has a choice makes a fully informed decision and receives the same high level of customer service.

To accomplish this goal, all of the following need to be done:

- Identify employees;
- Gather information on those employees from personnel and payroll records and other sources;
- Verify employees' options under FERCCA;
- Help employees who have a choice of retirement plans make informed decisions; and
- Process the election.

We started working with agency headquarters level human resource and payroll offices before the legislation became law to develop an implementation strategy that would lessen the impact on agencies' resources. With their help, we've worked out a plan where agencies and OPM will work in partnership. This plan relieves agencies of the heavy counseling responsibilities associated with FERCCA while still providing affected employees with the same personalized counseling services they should expect to receive.

How the Plan Works

The plan can be broken down into four interacting and overlapping stages - Identification, Universal Information, Information Gathering and Personal Assistance, and Implementation.

Identification

We must identify everyone who can benefit from FERCCA. While OPM will concentrate on retirees, survivors, and separated employees, we need your help in identifying affected employees. The employees that you need to identify are those who have been in the wrong retirement plan for at least 3 years of service after December 31, 1986.

There are a variety of methods that you can use to identify your employees in this category. At a minimum, you must notify all of your employees about FERCCA, including those who may not be in a duty status, and ask them to identify themselves if they believe they qualify for relief under FERCCA. We have attached a sample notice that you may use, or you may borrow language from ours to create your own. Please include in the notice the name of the person or office in your agency that employees can contact if they have questions or need assistance. Please notify your employees as soon as possible. (Note: See February 16, 2001, reporting deadline in section on reporting requirements.)

We have established a database on our web site, www.opm.gov/benefits/correction. We will use that database to identify all those who have a choice under FERCCA. We will also use it to identify those who may be eligible for payment from OPM for expenses they incurred because of a coverage error, even if they don't have a choice. You need to enter the names and other relevant information of all employees that you identify who qualify for relief under FERCCA. While eligible employees may also enter their own information directly into the database, we expect agencies to enter information regarding known errors affecting their current workforce. Since the database can detect duplicate entries, any duplicates that occur will not be a problem.

Universal Information

We have a special web site, www.opm.gov/benefits/correction, where anyone can get up-to-date information about FERCCA. You can find a list of frequently asked questions, and answers that tell you what FERCCA is, what it does, who can benefit, and much more. It has information for both employees and human resources professionals. You can also 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.

We will also use other media to provide information about FERCCA and to help locate affected individuals. For example, we will use newspapers, retirement associations' publications, and other sources that provide information on retirement benefits.

Information Gathering and Personal Assistance

Employees who have a choice of plans under FERCCA will get all the help they need to make a fully informed election. We will send them a detailed statement outlining their options. This statement will help them compare the full range of benefits under each option. We expect to have everything in place for eligible individuals to start receiving their statements by June 1, 2001, at the latest. In addition, employees will have the opportunity to discuss their options with a counselor provided by OPM.

We also will have a special retirement calculator exclusively for FERCCA. This calculator will use information from the employee's past work history and expectations for the future to provide benefit projections under each of the employee's options. These projections will accompany the detailed statements described above.

A calculator that will do all the basic calculations FERCCA requires will be very complex and take time to develop and test. Consequently, we plan to implement it in two steps. Counseling will begin with annuitants and active employees whose choices do not involve make up contributions to the Thrift Savings Plan. This will allow us to deal with individuals for whom FERCCA may mean an immediate increase in monthly income, as well as others whose situations are less complex. We expect to have a calculator in place to do all necessary calculations, including make up contributions and lost earnings on Thrift accounts in August. No one will be disadvantaged financially by the amount of time we need to offer assistance to all individuals who are entitled to relief under the legislation.

Most of the information needed to analyze an employee's options will come from agency personnel and payroll records. We will work with you to decide how that information can best be collected. We can help you review those records, or you can review those records yourself and provide us with the information we need. We will rely on the agency headquarters benefits officer to tell us where we can find the employee's records.

We will also gather information from the employees themselves and from other sources like the Social Security Administration and the Federal Retirement Thrift Investment Board.

OPM will be contracting for assistance to gather records and ensure employees have information they need to make informed decisions.

Implementation

After the employee decides which retirement plan he or she wants, we will advise you of the decision and provide the information you need to effect the employee's decision.

Reporting Requirement

We expect to be asked for information about FERCCA implementation by a range of entities, such as our Congressional oversight committees, employee organizations, and the press. For us to be able to respond to these requests, we ask that each agency headquarters benefits officer report what your agency did to ensure that every agency employee received a notice about FERCCA. The headquarters benefits officer should provide the following information to us no later than February 16, 2001:

- A statement describing the method or methods used to notify employees (paper, internet, intranet, etc); and
- Any additional information you wish to provide (for example, the notice you used).

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Because of the holidays and the end of the leave year, we believe that the February 16, 2001, deadline will give you sufficient time to notify your employees and report back to OPM.

You can send this information to:

U.S. Office of Personnel Management
Retirement and Insurance Service
Benefits Officers Resource Center, FERCCA
1900 E Street, NW
Washington DC 20415-3300.

If you prefer, you can email it to FERCCA@OPM.GOV, or fax it to (202) 606-1108, attention FERCCA Implementation.

Mary M. Sugar, Director

Benefits Officers Resource Center

Retirement and Insurance Service

Attachment

Download Attachment:

Adobe Acrobat PDF File
