



Benefits Administration Letter

Number: 04-107

Date: December 22, 2004

Subject: Required Agency Actions for Retirement Coverage Error Corrections

Introduction

The Federal Erroneous Retirement Coverage Correction Act (FERCCA), provides relief for employees with a retirement coverage error that existed for 3 years of service or more after December 31, 1986. This Benefits Administration Letter (BAL) reviews the types of actions that agencies should now be taking on all retirement coverage errors. This BAL also outlines the procedures for handling FERCCA errors that provide an election and the time limits for processing error corrections.

Actions Agencies Should Be Taking

Agency Personnel/Human Resource offices will soon be correcting the full scope of retirement coverage errors. However, at this time, agencies should be taking the following actions:

- Administrative corrections. Administrative corrections are corrections of errors that lasted less than 6 months (e.g., tentative placement in FERS until a coverage determination can be made) and corrections of errors where there is no error in the coverage determination but the person must be moved from one type of coverage to another. An example of the latter type is to and from law enforcement officer/firefighter coverage within a retirement system (correcting retirement code 1 to 6, or 6 to 1).
- Correction of erroneous FERS coverage that lasted for less than 3 years of service after December 31, 1986. [BAL 02-103](#) provided detailed instructions for making these corrections.
- Correction of other erroneous retirement coverage that lasted for less than 3 years of service after December 31, 1986 If the error is not one where the employee is

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|--|--|--|--|---|
| <i>Civil Service Retirement System</i> | <i>Federal Employees' Group Life Insurance Program</i> | <i>Federal Employees Health Benefits Program</i> | <i>Federal Employees Retirement System</i> | <i>Long Term Care Insurance Program</i> |
|--|--|--|--|---|

- in FERS by mistake and can elect to stay in FERS and lasted for less than 3 years of service after December 31, 1986, then the error should be corrected.
- Errors that do not provide an election. [BAL 03-104](#) provided detailed instructions for making these corrections.
 - Corrections for individuals who are currently in the wrong retirement system and who have been provided with an election opportunity. A future BAL will provide detailed instructions on making these corrections.
 - Eligibility determinations for errors not registered with OPM by December 31, 2003. Refer to [BAL 04-108](#) for detailed instructions on making eligibility determinations.

Time Limits

- FERCCA eligibility determinations must be made and the employee given written notification of the decision within 60 days of discovery of a potential FERCCA error.
- After you complete your review and issue a written decision that an individual is eligible under FERCCA, you must notify OPM within 30 days of the date of your decision.
- Corrections of errors which do not provide an election must be completed by the agency personnel/human resources office within 30 days after the date of notification to the employee of the error, or, within 30 days after receipt of notice from OPM to correct the error. Agency payroll offices must complete corrective actions within 90 days of receipt of the corrections from the personnel/human resources office.
- Retirement coverage corrections must be completed by the agency personnel/human resources office within 30 days after receipt of an employee's FERCCA election, or, within 30 days after receipt of notice from OPM of an employee's FERCCA election. Agency payroll offices must complete corrective actions within 90 days of receipt of the corrections from the personnel/human resources office.

Administrative Corrections

Agencies continue to be responsible for processing administrative corrections. Administrative corrections are corrections where the employee must be moved from one type of coverage to another. Examples of this type are coverage errors that lasted less than 6 months (such as a new employee placed in FERS and is later determined should be in CSRS or CSRS Offset) or ministerial corrections such as to and from law enforcement officer/firefighter coverage within a retirement system (e.g. correcting retirement code 1 to 6, or 6 to 1). In determining if an error lasted for less than 6 months, the controlling factor is the length of time in which the error actually existed. [Attachment 1](#), a chart of "Common Retirement Plans and Corresponding Codes", can be used as a reference source to help you identify and understand the retirement codes.

Erroneous FERS Coverage That Lasted For Less Than 3 Years Of Service After December 31, 1986

FERCCA provides for relief of errors that last for at least 3 years of service after December 31, 1986. Agencies are responsible for correcting erroneous FERS coverage that lasted for less than 3 years. In determining if an error occurred for less than 3 years, the controlling factor is the length of time in which the error actually existed. [BAL 02-103](#) provides detailed instructions for making these corrections.

Correction Of Other Erroneous Retirement Coverage That Lasted For Less Than 3 Years Of Service After December 31, 1986

For other errors that lasted for less than 3 years of service after December 31, 1986, you must correct the employee’s coverage prospectively as soon as the error is detected. By making the correction prospectively, you will stop the error and prevent it from lasting over 3 years.

Errors That Do Not Provide An Election

The FERCCA legislation and OPM regulations do not give every individual who had a retirement coverage error a choice about which retirement system to be under. There are five types of retirement coverage errors that do not provide an election. Agencies must correct these types of errors following the guidance outlined in [BAL 03-104](#). Corrections of errors which do not provide an election must be completed by the agency personnel/human resources office within 30 days after the date of notification to the employee of the error, or, within 30 days after receipt of notice from OPM to correct the error. Agency payroll offices must complete corrective actions within 90 days of receipt of the corrections from the personnel/human resources office. The following chart summarizes the types of errors that do not trigger an election:

| The employee is in: | And the employee belongs in: | Employee’s coverage must be corrected to: |
|----------------------------|-------------------------------------|--|
| CSRS | CSRS Offset | CSRS Offset |
| CSRS Offset | CSRS | CSRS |
| Social Security Only | CSRS | CSRS |
| Social Security Only | CSRS Offset | CSRS Offset |
| Social Security Only | FERS | FERS |

Errors That Provide An Election

There are seven types of retirement coverage errors that provide an election under FERCCA. The following chart summarizes the types of errors that provide an election:

| The employee is in: | And the employee belongs in: | Employee can elect between: |
|----------------------------|-------------------------------------|--------------------------------------|
| CSRS | FERS | CSRS Offset and FERS |
| CSRS Offset | FERS | CSRS Offset and FERS |
| CSRS | Social Security Only | CSRS Offset and Social Security Only |
| CSRS Offset | Social Security Only | CSRS Offset and Social |

| | | |
|------|----------------------|-------------------------------|
| | | Security Only |
| FERS | CSRS | CSRS and FERS |
| FERS | CSRS Offset | CSRS Offset and FERS |
| FERS | Social Security Only | FERS and Social Security Only |

The handling of these errors depends on when the error was registered and when the eligibility determination was made.

Employees who were registered with OPM prior to January 1, 2004

OPM will continue to review claims and make eligibility determinations for employees who were registered with OPM in the FERCCA Database prior to January 1, 2004. OPM will also prepare election packages and provide counseling for those individuals who have been found eligible under FERCCA. Once an employee has made an election, OPM will notify the agency to make the corrections.

Employees who were NOT registered with OPM prior to January 1, 2004

As of January 1, 2004, agencies are required to review the employee's retirement coverage records and issue decisions on eligibility for relief under FERCCA. Refer to [BAL 04-108](#) for detailed instructions on making eligibility determinations. Once you make an eligibility determination and issue a decision to the employee, you must notify OPM within 30 days if you find that the person is eligible under FERCCA whether they have an election opportunity or not, i.e., a choice of coverage.

Employees who receive their eligibility determinations prior to August 1, 2004

OPM will send election packages and provide counseling for these employees. Once an employee has made an election, OPM will notify the agency to make the corrections.

Employees who do NOT receive eligibility determinations prior to August 1, 2004

The employing agency will be responsible for preparing and issuing election packages, counseling, and making the actual corrections. A future BAL will provide guidance on preparing election packages and providing counseling to employees.

Actions to be taken after the employee makes an election

Once an employee has made an election, the agency will be notified to make the corrections. A future BAL will provide detailed instructions on making these corrections. Retirement coverage corrections must be completed by the agency personnel/human resources office within 30 days after receipt of the employee's FERCCA election, or, within 30 days after receipt of notice from OPM of the employee's FERCCA election. Agency payroll offices must complete corrective

actions within 90 days of receipt of the corrections from the personnel/human resources office.

FERCCA Eligibility Decisions

As of January 1, 2004, OPM no longer accepts new registrations for the FERCCA database. The online FERCCA database has been closed for the past year. However, we continued to accept registrations of newly discovered FERCCA errors from the headquarters benefits officers. OPM entered them into the database and reviewed the retirement coverage records for eligibility under FERCCA. As of January 1, 2004, agencies are required to complete the review and issue decisions on eligibility for relief under FERCCA.

Refer to [BAL 04-108](#) for detailed instructions on making eligibility determinations. FERCCA eligibility determinations must be made and the employee notified of the decision within 60 days of discovery of a potential FERCCA error. After you complete your review and issue a written decision, you must notify OPM within 30 days if you find that the person is eligible under FERCCA.

Retiring Employees

If you discover a FERCCA error for an employee who is retiring, you must make the FERCCA eligibility decision and notify the employee of that decision prior to separating him or her for retirement.

If the FERCCA error does not provide an election opportunity or if it is a Deemed FERS error less than 3 years, the error must be corrected before separation for retirement and the employee must be separated under the correct retirement plan.

If the FERCCA error provides an election opportunity and the employee retired before August 1, 2004, you must notify OPM of the error and separate the employee under the present retirement plan. You should also annotate the employee's retirement records and supporting documentation to note their entitlement to FERCCA and relief and attach a copy of the eligibility letter. After you notify OPM of the FERCCA error, OPM will provide the individual with an election package.

If the FERCCA error provides an election opportunity and the employee will be retiring after August 1, 2004, you are responsible for preparing the election package for the employee and you should attempt to complete the election package prior to the employee's separation for retirement. If you need assistance in preparing election packages, consult your agency's headquarters Benefits Officer; if necessary, the Benefits Officer will consult with their OPM liaison for additional help. If the employee separates prior to the completion of their election, separate the employee under their present retirement plan and flag the retirement application to notify OPM that correction actions are pending. OPM will maintain the retiree in interim pay until the election process is completed at your agency and OPM receives the corrected records. You will need to alert the employees that there may be delays in processing the retirement. You should not

unduly delay sending the retirement package to OPM while you correct retirement records.

FERCCA Responsibility Chart

The following chart outlines the different responsibilities for taking the necessary actions on FERCCA claims.

| Action: | OPM: | Agency: |
|---------------------------------|--|--|
| Eligibility Determinations | Employees who were registered with OPM prior to January 1, 2004: Reviews FERCCA eligibility on errors and sends the review documentation to the employing agency to issue a decision. Separated employees, annuitants and survivors of deceased employees or annuitants who registered with OPM before January 1, 2004: Reviews FERCCA eligibility on errors and sends decision letters to claimants. | Makes eligibility determinations on errors and sends decision letters to employees, separated employees, annuitants and survivor of deceased employees/annuitants who were not registered with OPM before January 1, 2004. |
| Election Packages | Sends Election Packages to employees, separated employees, annuitants and survivors of deceased employees/annuitants who receive an eligibility determination letter by August 1, 2004. | Sends Election Packages to employees, separated employees, annuitants and survivors of deceased employees/annuitants who receive an eligibility determination letter on and after August 1, 2004. |
| Personnel Record Corrections | | Corrects all Notification of Personnel Actions (SF 50 or equivalent) for all employees, separated employees, annuitants and deceased employee/annuitants who elect (or their survivor elects) to change their retirement coverage for the period(s) covered by the election. |
| FICA and Tax Record Corrections | | Prepares Form W-2C's (correcting FICA earnings) and Form 941c's (correcting taxes) for all employees, separated employees, annuitants and deceased employee/annuitants who elect (or their survivor elects) to change their retirement coverage for the period(s) covered by the election. |

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| Payroll Record Corrections | Corrects Individual Retirement Records (IRR's – SF 2806 or SF 3100) for all separated employees, periods of service performed by current employees with previous agencies, annuitants and deceased employee/annuitants whose retirement coverage changes for the period(s) covered by the error. | Corrects Individual Retirement Records (IRR's – SF 2806 or SF 3100) for all current employees whose retirement coverage changes for the period(s) covered by the error. |
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Out-of-Pocket Expenses (OOP)

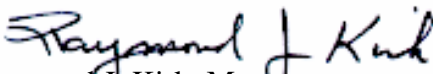
OPM will continue to make eligibility decisions and process claims for OOP expenses. You can view the OOP guidelines on-line at <http://www.opm.gov/benefits/correction/out-of-pocket.asp>. OOP claims should be sent to:

US Office of Personnel Management
 OOP Claims, Room 4H28
 1900 E Street, NW
 Washington DC 20415

You may also contact Ibsen Morales at 202-606-0644 or Ibsen.Morales@opm.gov for information on OOP claims.

Assistance to Agencies

We recognize that FERCCA and other retirement error corrections are very complicated. If you need help determining whether an employee is in the correct retirement system or assistance in taking corrective actions, contact your headquarters level benefits officer. A listing of all benefits officers is available at www.opm.gov/asd/htm/rc.htm. If you are a headquarters level benefits officer and need assistance, contact your liaison in the Benefits Officers Training and Development Group.


 Raymond J. Kirk, Manager
 Benefits Officers Training & Development Group
 Human Capital Leadership & Merit Systems Accountability

Attachments:

Attachment 1 Common Retirement Plans and Corresponding Codes