



Benefits Administration Letter

Number: 14-303

Date: April 2014

Subject: Data Element Values for New Phased Retirement Program

Introduction

The Office of Personnel Management (OPM) is completing its review of the responses received on its proposed regulations on phased retirement that were published last June. We anticipate the final regulations for phased retirement will be published later this year. We will be issuing guidance to implement the final rule in conjunction with the publication of the final rule. However, there are certain aspects of phased retirement that are entirely based in express provisions of the statute, and which cannot be altered by regulation. We are providing information related to those specific statutory provisions so agencies can begin to prepare now for the implementation of the program. Agencies may find this information helpful for planning any system updates that may be required to enable them to process phased retirement related actions.

It is important to note the new values for the data elements described below will not be effective until the phased retirement regulations become effective. Agencies should not process any phased retirement related actions until the regulations become effective and additional guidance is provided.

New Values for Nature of Action, Nature of Action Code, and Authority Codes

Sections 8336a and 8412a of title 5, United States Code, provide that with the concurrence of the head of the employing agency, and under regulations promulgated by the Director of OPM, a retirement-eligible employee may elect to enter phased retirement status. In addition, the provisions stipulate that under such procedures as the Director of OPM may prescribe, a phased retiree may elect to enter full retirement status at any time. The provisions also provide that under such procedures and conditions as the Director of OPM may establish, and with the concurrence of the head of the employing agency, a phased retiree may elect to terminate phased retirement status and return to a full-time work schedule. Although we cannot provide details at this time about what provisions will appear in the final rule concerning aspects of these actions that can be varied by regulation, we can provide information about new values for the Nature of Action and Nature of Action Codes (NOAC) that must be processed to effect fundamental phased retirement actions required by statute. Further guidance about when and how to use these values and codes will be forthcoming when the final rule is published. The following descriptions and values have been created to document personnel actions associated with phased retirement.

- NOAC 615 - Phased Employment/Phased Retirement;
Legal Authorities
 - CSRS: SAB/5 USC 8336a(c)(7)
 - FERS: SAC/5 USC 8412a(b)(6)

- NOAC 616 - Opt out Phased Employment/Retirement;
Legal Authorities
 - CSRS: SAD/5 USC 8336a(g)
 - FERS: SAE/5 USC 8412a(g)

- NOAC 307- Full Retirement Status-Voluntary;
Legal Authorities
 - CSRS: SAF/5 USC 8336a(e)
 - FERS: SAG/5 USC 8412a(e)

- NOAC 308 - Full Retirement Status-ILIS;
Legal Authorities
 - CSRS: SAF/5 USC 8336a(e)
 - FERS: SAG/8412a(e)

New Value for Work Schedule

A new value for *Work Schedule, R*, has been established to differentiate an employee working part-time as a phased retiree from other employees working regular part-time schedules. Agencies need to be able to differentiate between an employee working part-time as a phased retiree from other employees working regular part-time schedules in order to withhold the appropriate Federal health and life insurance premiums from a phased retiree's salary. Under 5 U.S.C. §§ 8336a(i) and (n) as well as §§ 8412a(i) and (o), phased retirees are considered full-time employees for FEHB and FEGLI purposes.

- R – A schedule required when an employee has elected phased employment/phased retirement status and has a less than full-time schedule on a pre-arranged tour of duty while receiving a phased retirement annuity.

New Values for Annuitant Indicator

New values for the annuitant indicator data element have been developed to help identify those employees who elect to opt out of phased retirement status. An employee who elects phased retirement may change his or her mind and opt out of phased retirement status at a later date. An employee who opts out of phased retirement status may never again elect phased retirement. See 5 U.S.C. §§ 8336a(b)(4) and 8412a(b)(4).

- W – Former CSRS Phased Retiree

- M – Former FERS Phased Retiree

- N – Former FERS Phased Retiree who is also a retired uniform service officer

- X – Former CSRS Phased Retiree who is also a retired uniform service officer
- P – Former FERS Phased Retiree who is also a retired uniform service enlisted
- Y – Former CSRS Phased Retiree who is also a retired uniform service enlisted

New Values for Remarks Codes

OPM is reserving remarks codes M11 through M19 for possible future use related to phased retirement. After the final regulations are published, guidance may be provided to agencies and payroll providers about any required remarks codes.

New Values for Data Exchange Gateway (DEG) File

Under the DEG Program, payroll providers electronically transmit a certain set of data on a retiring employee to the Retirement Program upon closeout of the payroll record. This data is used by the Retirement Program to load OPM's financial system with financial data as well as OPM's annuity roll systems with retirement-related data. By processing the DEG data, OPM's automatic front end system establishes the retiree's claim, generates the annuitant identification card, transfers the health insurance enrollment administration to the Retirement Program, and authorizes interim annuity payments for entitled claimants.

Two new values have been established for *Position 210: Annuity Case Type-*

- 0 (zero) = PHASED INITIAL
- 9 = PHASED FINAL

When an employee enters phased retirement status, payroll providers will need to submit to OPM the basic records needed for computing a phased retirement annuity. In addition to providing DEG data, payroll offices will need to certify and send an Individual Retirement Record (IRR) to OPM documenting the employee's service and retirement deductions with the agency up until the effective date of the phased retirement election. They will also need to create a new IRR to document the employee's service and retirement deductions for the period of service the employee performs with the agency from the effective date of the phased retirement election until the date of final separation from the agency. Additional processing information will be provided after publication of the final rule on phased retirement.

Inquiries

If you have any questions, please call us on (202) 606-0606 or send an email to FinancialBals@opm.gov.

Sincerely,

Kim Farington
Associate Chief Financial Officer
Financial Services