

amount by a factor equal to the value of exponential function in which—

(i) The base is one plus the assumed interest rate under § 841.405 of this chapter on the date determined under § 847.603, and

(ii) The exponent is one-twelfth of the number of months between the date determined under § 847.603 and the deferred annuity date.

(c) In cases in which the annuity is payable to a survivor, the present value under paragraph (a) of this section equals zero, that is, no survivor annuity would ever become payable without credit for the NAFI service.

§ 847.608 Reduction in annuity due to deficiency.

Any annuity payable in the case of an employee who has made an election under subpart D of this part will include credit for the NAFI service. The monthly annuity rate on the date determined under § 847.603 will be permanently reduced by an amount equal to the amount of any deficiency divided by the present value factor for the annuitant's age on that date.

APPENDIX A TO SUBPART F OF PART 847—LIST OF EVENTS FOR WHICH INCLUSION OF NAFI SERVICE MAY AFFECT THE RATE OF ANNUITY PAYABLE

Type of event	Date deficiency will be determined
CSRS or FERS nondisability retirement.	Commencing date of annuity.
CSRS disability retirement	Commencing date of annuity. ¹
FERS disability retirement	First day of month following 62nd birthday. ²
CSRS death in service	Commencing date of survivor annuity. ³
FERS death in service	Commencing date of survivor annuity.
FERS death of disability annuitant prior to age 62.	Commencing date of survivor annuity.
FERS death of separated employee.	Commencing date of survivor annuity.
CSRS or FERS redetermination of annuity.	Commencing date of redetermined annuity benefit.

¹ Disability annuity with and without credit for NAFI service must be computed. If annuity payable under each computation is identical due to guaranteed minimum annuity, then deficiency is zero.

² Generally, the date the deficiency is determined will be the disability retiree's 62nd birthday. However, if an annuity benefit based on the retiree's actual years of service and salary becomes payable prior to age 62, the deficiency is computed at that time.

³ Deficiency amount could be zero if survivor is eligible for the guaranteed minimum annuity amount under both computations.

Subpart G—Computation of Benefits Under the Retroactive Provisions

§ 847.701 Purpose and scope.

This subpart establishes the methodology that OPM will use to determine benefit payable in connection with an election made under subpart D of this part.

§ 847.702 Lump-sum payments and refunds.

(a) Employee contributions with interest which are transferred to the Fund under subpart E of this part are included in any lump-sum credit or unexpended balance payable to the employee or the employee's survivors under subpart T of part 831 of this chapter or under part 843 of this chapter.

(b) Government contributions which are transferred to the Fund under subpart E of this part are not included in any lump-sum credit or unexpended balance and are not payable to the employee or the employee's survivors.

§ 847.703 Reductions in annuity.

The CSRS or FERS basic annuity of an employee or survivor who has elected retirement coverage under subpart D of this part is reduced in the following order—

(a) For age, if applicable, as provided under sections 8339(h) and 8415(f) of title 5, United States Code.

(b) For noncontributory service performed before October 1, 1982, if applicable, as provided under 5 U.S.C.A. 8339(i), note.

(c) For deficiency, as determined under subpart F of this part.

(d) To provide a survivor annuity to a spouse or former spouse, if applicable, as provided under sections 8339(j)(4) and 8419(a) of title 5, United States Code.

(e) Any other reductions which may apply.

§ 847.704 Maximum survivor annuity election.

The amount of the employee's benefit after reduction for any deficiency under § 847.608 is—

(a) For CSRS, the maximum amount that may be designated as the survivor

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base under section 8339 (j) or (k) to title 5, United States Code;

(b) For FERS, the employee annuity (for survivor benefit purposes) under sections 8416 through 8420 of title 5, United States Code.

§ 847.705 Cost-of-living adjustments.

Cost-of-living adjustments are applied to the rate payable to the retiree or survivor, including the reduction for any deficiency described in § 847.608.

Subpart H—Electing to Credit NAFI Service for CSRS and FERS Retirement Eligibility

SOURCE: 68 FR 2180, Jan. 16, 2003, unless otherwise noted.

§ 847.801 What information is in this subpart?

This subpart contains OPM’s regulations on the procedures, eligibility requirements, and time limits for elections under 5 U.S.C. 8332(b)(17) and 5 U.S.C. 8411(b)(6).

§ 847.802 Who may elect to use NAFI service to qualify for immediate retirement under CSRS or FERS?

CSRS and FERS employees may elect to credit NAFI service for retirement purposes under this subpart if:

- (a) They separate for retirement on or after December 28, 2001;
- (b) They do not otherwise qualify for immediate retirement; and
- (c) They have enough otherwise creditable civilian service to qualify for deferred retirement.

§ 847.803 When do employees make the election to use their NAFI service to qualify for an immediate retirement under CSRS or FERS?

Employees about to retire must make their election to credit NAFI service under this subpart no later than the date of separation on which their retirement is based.

§ 847.804 How do employees make an election to use their NAFI service to qualify for an immediate retirement under CSRS or FERS?

Employees electing to credit NAFI service under this subpart must:

- (a) Inform the NAFI retirement plan that they are electing to credit NAFI service for CSRS or FERS retirement eligibility;
- (b) Document the election on a form prescribed by OPM; and
- (c) Submit the election with their application for immediate retirement.

§ 847.805 What NAFI service can employees elect to credit toward retirement eligibility under CSRS or FERS?

(a) Employees may elect to credit under this subpart any NAFI service that isn’t already creditable under 5 U.S.C. 8332(b)(16), or under 5 CFR part 847, subpart D.

(b) NAFI service used to qualify for an immediate annuity based on an election in paragraph (a) of this section cannot be credited in a NAFI retirement plan for any purpose including eligibility and calculations of NAFI benefits.

§ 847.806 How much NAFI service must employees elect to use to qualify for an immediate CSRS or FERS retirement?

- (a) Employees must elect complete periods of NAFI service under this subpart.
- (b) A complete period of NAFI service in paragraph (a) of this section consists of the period from the date of appointment with an NAFI employer to the date of termination.

§ 847.807 Do employees have to pay CSRS or FERS deposits for the NAFI service they use to qualify for immediate retirement under CSRS or FERS?

Employees are not required to pay CSRS or FERS deposits for the NAFI service they use to qualify for immediate retirement under CSRS or FERS. In fact, deposits cannot be made for any NAFI service employees elect to credit for immediate retirement under this subpart.