

Office of the Secretary of the Treasury

Pt. 29, Subpt. C, App. A

(b) In cases in which the amount of death benefits is not determined by length of service, the amount of Federal Benefit Payments is calculated by multiplying the amount of the total benefit payable by the number of full months of service through June 30, 1997, and then dividing by the number of months of total service at retirement (for elected survivor benefits) or death (for guaranteed-minimum death-in-service survivor benefits). (See example 13 of appendix A of this subpart.)

§ 29.345 Cost-of-living adjustments.

Cost-of-living increases are applied directly to Federal Benefit Payments, rather than computed on the total benefit and then prorated. (See example 14 of appendix A of this subpart.)

§ 29.346 Reduction for survivor benefits.

(a) If a retiree designates a base for a survivor annuity that is greater than or equal to the unreduced Federal Benefit Payment, the applicable plan's annuity reduction formula is applied to the unreduced Federal Benefit Payment to determine the reduced Federal Benefit Payment. (See example 10 of appendix A of this subpart.)

(b) If a retiree designates a base for a survivor annuity that is less than the amount of the Federal Benefit Payment, the entire survivor reduction applies to the Federal Benefit Payment to determine the reduced Federal Benefit Payment.

APPENDIX A TO SUBPART C OF PART 29— EXAMPLES

This appendix contains sample calculations of Federal Benefit Payments in a variety of situations.

OPTIONAL RETIREMENT EXAMPLES

EXAMPLE 1: NO UNUSED SICK LEAVE

A. In this example, an individual covered by the Police and Firefighters Plan hired before 1980 retires in October 1997. At retirement, he is age 51 with 20 years and 3 days of departmental service plus 3 years, 4 months, and 21 days of military service that preceded the departmental service. The Federal Benefit Payment begins at retirement. It is based on the 19 years, 8 months, and 22 days of departmental service and 3 years, 4 months, and 21 days of military service performed as of June 30, 1997. Thus, the Federal

Benefit Payment is based on 23 years and 1 month of service, all at the 2.5 percent accrual rate. The total annuity is based on 23 years and 4 months of service, all at the 2.5 percent accrual rate.

EXAMPLE 1A—POLICE OPTIONAL

[Pre-80 hire]

Total Annuity Computation

Birth date: 09/10/46
Hire date: 10/09/77
Separation date: 10/11/97
Department service: 20/00/03
Other service: 03/04/21
Sick leave:
.025 service: 23.333333
.03 service:
Average salary: \$45,680.80
Total: \$26,647.12
Total/month: \$2,221.00

Federal Benefit Payment Computation

Birth date: 9/10/46
Hire date: 10/09/77
Freeze date: 06/30/97
Department service: 19/08/22
Other service: 03/04/21
Sick leave:
.025 service: 23.083333
.03 service:
Average salary: \$45,680.80
Total: \$26,361.61
Total/month: \$2,197.00

B. In this example, the individual covered by the Police and Firefighters Plan was hired earlier than in example 1A and thus performed more service as of both June 30, 1997, and retirement in October 1997. At retirement, he is age 51 with 21 years, 11 months and 29 days of departmental service plus 3 years, 4 months, and 21 days of military service that preceded the departmental service. The Federal Benefit Payment begins at retirement. It is based on the 21 years, 8 months, and 18 days of departmental service and 3 years, 4 months, and 21 days of military service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 25 years and 1 month of service, 1 year and 8 months at the 3.0 percent accrual rate and 23 years and 5 months at the 2.5 percent accrual rate (including 1 month consisting of 18 days of departmental service and 21 days of other service). The total annuity is based on 25 years and 4 months of service, 1 year and 11 months at the 3.0 percent accrual rate and 23 years and 5 months at the 2.5 percent accrual rate (including 1 month consisting of 29 days of departmental service and 21 days of other service).

EXAMPLE 1B—POLICE OPTIONAL

[Pre-80 hire]

Total Annuity Computation

Birth date: 09/10/46

Pt. 29, Subpt. C, App. A

EXAMPLE 1B—POLICE OPTIONAL—Continued
[Pre-80 hire]

Total Annuity Computation
Hire date: 10/13/75 Separation date: 10/11/97 Department service: 21/11/29 Other service: 03/04/21 Sick leave: .025 service: 23.416667 .03 service: 1.916667 Average salary: \$45,680.80 Total: \$29,368.96 Total/month \$2,447.00
Federal Benefit Payment Computation
Birth date: 09/10/46 Hire date: 10/13/75 Freeze date: 06/30/97 Department service: 21/08/18 Other service: 03/04/21 Sick leave: .025 service: 23.416667 .03 service: 1.666667 Average salary: \$45,680.80 Total: \$29,026.36 Total/month: \$2,419.00

EXAMPLE 2: UNUSED SICK LEAVE CREDIT

In this example, an individual covered by the Police and Firefighters Plan and hired before 1980 retires in March 1998. At retirement, she is age 48 with 24 years, 8 months, and 6 days of departmental service plus 6 months and 4 days of other service (deposit paid before June 30, 1997) and 11 months and 11 days of unused sick leave. For a police officer (or a non-firefighting division firefighter) such an amount of sick leave would be 1968 hours (246 days, based on a 260-day year, times 8 hours per day). For a firefighting division firefighter, such an amount would be 2069 hours (341 days divided by 360 days per year times 2184 hours per year). The Federal Benefit Payment begins at retirement. It is based on the 23 years, 11 months, and 23 days of departmental service performed as of June 30, 1997, and 6 months and 4 days of other service. Thus, the Federal Benefit Payment is based on 20 years departmental and 6 months of other service at the 2.5 percent accrual rate and 3 years and 11 months of service at the 3.0 percent accrual rate. The total annuity is based on 20 years and 6 months of service at the 2.5 percent accrual rate and 5 years and 7 months of service at the 3 percent accrual rate.

EXAMPLE 2—POLICE OPTIONAL
[Pre-80 hire]

Total Annuity Computation
Birth date: 05/01/49 Hire date: 07/08/73 Separation date: 03/13/98 Department service: 24/08/06 Other service: 00/06/04

31 CFR Subtitle A (7–1–12 Edition)

EXAMPLE 2—POLICE OPTIONAL—Continued
[Pre-80 hire]

Total Annuity Computation
Sick leave: 00/11/11 .025 service: 20.5 .03 service: 5.583333 Average salary: \$61,264.24 Total: \$41,659.68 Total/month: \$3,472.00
Federal Benefit Payment Computation
Birth date: 05/01/49 Hire date: 07/08/73 Freeze date: 06/30/97 Department service: 23/11/23 Other service: 00/06/04 Sick leave: .025 service: 20.5 .03 service: 3.916667 Average salary: \$61,264.24 Total: \$38,596.47 Total/month: \$3,216.00

**EXAMPLE 3: CALCULATED BENEFIT EXCEEDS
STATUTORY MAXIMUM**

A. In this example, an individual covered by the Police and Firefighters Plan hired before 1980 retires in March 1998. At retirement, he is age 55 with 32 years and 17 days of departmental service. The Federal Benefit Payment begins at retirement. It is based on the 31 years, 3 months, and 17 days of departmental service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 20 years of service at the 2.5 percent accrual rate and 11 years and 3 months of service at the 3.0 percent accrual rate. However, the annuity is limited to 80 percent of the basic salary at time of retirement. (This limitation does not apply to the unused sick leave credit.) The annuity computed as of June 30, 1997, equals the full benefit payable; therefore, the Federal Benefit Payment is the total benefit.

EXAMPLE 3A—POLICE OPTIONAL
[Pre-80 hire]

Total Annuity Computation
Birth date: 06/12/42 Hire date: 03/14/66 Separation date: 03/30/98 Department service: 32/00/17 Other service: Sick leave: .025 service: 20 .03 service: 12 Average salary: \$75,328.30 Final salary: \$77,180.00 Total: \$64,782.34 Total/month: \$5,399.00 Maximum: \$61,744.00 \$5,145.00
Federal Benefit Payment Computation
Birth date: 06/12/42

Office of the Secretary of the Treasury

Pt. 29, Subpt. C, App. A

EXAMPLE 3A—POLICE OPTIONAL—Continued [Pre-80 hire]

Total Annuity Computation
Hire date: 03/14/66
Freeze date: 03/30/97
Department service: 31/03/17
Other service:
Sick leave:
.025 service: 20
.03 service: 11.25
Average salary: \$75,328.30
Final salary: \$77,180.00
Total: \$63,087.45
Total/month: \$5,257.00
Maximum: \$61,744.00
\$5,145.00

B. In this example, the individual in example 3A also has 6 months of unused sick leave at retirement. The sick leave credit is not subject to the 80% limitation and does not become creditable service until the date of separation. For a police officer (or a non-firefighting division firefighter) such an amount of sick leave would be 1040 hours (130 days, based on a 260-day year, times 8 hours per day). For a firefighting division firefighter, such an amount would be 1092 hours (180 days divided by 360 days per year times 2184 hours per year). Six months of unused sick leave increases the annual total benefit by 1.5 percent of the average salary, or in the example by \$94 per month. The District is responsible for the portion of the annuity attributable to the unused sick leave because it became creditable at retirement, that is, after June 30, 1997.

EXAMPLE 3B—POLICE OPTIONAL [Pre-80 hire]

Total Annuity Computation
Birth date: 06/12/42
Hire date: 03/14/66
Separation date: 03/30/98
Department service: 32/00/17
Other service:
Sick leave:
.025 service: 20
.03 service: 12
Average salary: \$75,328.30
Final salary: \$77,180.00
Total wo/sl credit: \$64,782.34
Total/month: \$5,399.00
Max wo/sl credit: \$61,744.00
Max w/sl credit: \$62,873.92
Monthly benefit: \$5,239.00

Federal Benefit Payment Computation
Birth date: 06/12/42
Hire date: 03/14/66
Freeze date: 06/30/97
Department service: 31/03/17
Other service:
Sick leave: none
.025 service: 20
.03 service: 11.25
Average salary: \$75,328.30

EXAMPLE 3B—POLICE OPTIONAL—Continued [Pre-80 hire]

Total Annuity Computation
Final salary: \$77,180.00
Total: \$63,087.45
Total/month: \$5,257.00
Maximum: \$61,744.00
Monthly benefit: \$5,145.00

EXAMPLE 4: EXCESS LEAVE WITHOUT PAY

In this example, an individual covered by the Teachers Plan hired before 1996 retires in February 1998. At retirement, she is age 64 with 27 years of departmental service and 6 years, 7 months, and 28 days of other service (creditable before June 30, 1997). However, only 6 months of leave in a fiscal year without pay may be credited toward retirement under the Teachers Plan. She had 3 months and 18 days of excess leave without pay as of June 30, 1997. Since the excess leave without pay occurred before June 30, 1997, the time attributable to the excess leave without pay is subtracted from the service used in both the Federal Benefit Payment and the total benefit computations. The Federal Benefit Payment begins at retirement. It is based on the 32 years and 8 months of service (32 years, 11 months, and 28 days minus 3 months and 18 days and the partial month dropped); 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 22 years and 8 months of service at the 2 percent accrual rate. The total annuity is based on 33 years and 4 months of service (33 years, 7 months and 28 days minus 3 months and 18 days and the partial month dropped) 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 23 years and 4 months of service at the 2 percent accrual rate.

NOTE: For the Teachers Plan, section 1230(a) of title 31 of the DC Code (1997) allows for 6 months leave without pay in any fiscal year. For the Police and Firefighters Plan, section 610(d) of title 4 of the DC Code (1997) allows for 6 months leave without pay in any calendar year.

EXAMPLE 4—TEACHERS OPTIONAL [Pre-96 hire]

Total Annuity Computation
Birth date: 11/04/33
Hire date: 03/01/71
Separation date: 02/28/98
Department service: 27/00/00
Other service: 06/07/28
Excess LWOP: 00/03/18
.015 service: 5
.0175 service: 5
.02 service: 23.333333
Average salary: \$53,121.00
Total: \$33,421.98

Pt. 29, Subpt. C, App. A

EXAMPLE 4—TEACHERS OPTIONAL—Continued
[Pre-96 hire]

Total Annuity Computation
Total/month: \$2,785.00
Federal Benefit Payment Computation
Birth date: 11/04/33 Hire date: 03/01/71 Freeze date: 06/30/97 Department service: 26/04/00 Other service: 06/07/28 Excess LWOP: 00/03/18 .015 service: 5 .0175 service: 5 .02 service: 22.666667 Average salary: \$53,121.00 Total: \$32,713.66 Total/month: \$2,726.00

EXAMPLE 5: SERVICE CREDIT DEPOSITS

A. An individual covered by the Teachers Plan hired before 1996 retires in October 1997. At retirement, he is age 61 with 30 years and 3 days of departmental service plus 3 years, 4 months, and 21 days of other service that preceded the departmental service for which the deposit was fully paid on or before June 30, 1997. The Federal Benefit Payment begins at retirement. It is based on the 29 years, 8 months, and 22 days of departmental service and 3 years, 4 months, and 21 days of service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 33 years and 1 month of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 23 years and 1 month of service at the 2 percent accrual rate. The total annuity is based on 33 years and 4 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 23 years and 4 months of service at the 2 percent accrual rate.

EXAMPLE 5A—TEACHERS OPTIONAL
[Pre-96 hire]

Total Annuity Computation
Birth date: 09/10/36 Hire date: 10/09/67 Separation date: 10/11/97 Department Service: 30/00/03 Other service: 03/04/21 Deposit paid before freeze date: Other service credit allowed: Sick leave: .015 service: 5 .0175 service: 5 .02 service: 23.333333 Average salary: \$45,680.80 Total: \$28,740.85 Total/month: \$2,395.00
Federal Benefit Payment Computation
Birth date: 09/10/36 Hire date: 10/09/67

31 CFR Subtitle A (7–1–12 Edition)

EXAMPLE 5A—TEACHERS OPTIONAL—Continued
[Pre-96 hire]

Total Annuity Computation
Freeze date: 06/30/97 Department service: 29/08/22 Other service: 03/04/21 Deposit paid before freeze date: Other service credit allowed: Sick Leave: .015 service: 5 .0175 service: 5 .02 service: 23.083333; 13 days dropped Average salary: \$45,680.80 Total: \$28,512.45 Total/month: \$2,376.00

B. In this example, the employee in example 5A did not pay any of the deposit to obtain credit for the 3 years, 4 months, and 21 days of other service as of June 30, 1997. Thus, none of the other service is used in the computation of the Federal Benefit Payment. An individual covered by the Teachers Plan hired before 1996 retires in October 1997. At retirement, he is age 61 with 30 years and 3 days of departmental service plus 3 years, 4 months, and 21 days of other service that preceded the departmental service for which the deposit was paid in full in October 1997 (at retirement). The Federal Benefit Payment begins at retirement. It is based on only the 29 years, 8 months, and 22 days of departmental service performed as of June 30, 1997; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 19 years and 8 months of service at the 2 percent accrual rate. The total annuity is based on 33 years and 4 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 23 years and 4 months of service at the 2 percent accrual rate.

EXAMPLE 5B—TEACHERS OPTIONAL
[Pre-96 hire]

Total Annuity Computation
Birth date: 09/10/36 Hire date: 10/09/67 Separation date: 10/11/97 \$0.00 Department service: 30/00/03 Other service: 03/04/21 Total deposit paid after 6/30/97 Sick leave: .015 service: 5 .0175 service: 5 .02 service: 23.333333 Average salary: \$45,680.80 Total: \$28,740.85 Total/month: \$2,395.00
Federal Benefit Payment Computation
Birth date: 09/10/36 Hire date: 10/09/67

Office of the Secretary of the Treasury

Pt. 29, Subpt. C, App. A

EXAMPLE 5B—TEACHERS OPTIONAL— Continued [Pre-96 hire]

Total Annuity Computation
Freeze date: 06/30/97
Department service: 29/08/22
Other service: none
Total deposit paid after 6/30/97:
Sick leave:
.015 service: 5
.0175 service: 5
.02 service: 19.666667; 22 days dropped
Average salary: \$45,680.80
Total: \$25,390.90
Total/month: \$2,116.00

C. In this example, the employee in examples 5A and B began installment payments on the deposit to obtain credit for the 3 years, 4 months, and 21 days of other service as of June 30, 1997, but did not complete the deposit until October 1997 (at retirement). The other service is not used in the computation of the Federal Benefit Payment because the payment was not completed as of June 30, 1997. Thus, the result is the same as in example 5B.

EXAMPLE 5C—TEACHERS OPTIONAL [Pre-96 hire]

Total Annuity Computation
Birth date: 09/10/36
Hire date: 10/09/67
Separation date: 10/11/97
Department service: 30/00/03
Other service: 03/04/21
Partial deposit paid as of 6/30/97:
Deposit completed after 6/30/97:
Sick leave:
.015 service: 5
.0175 service: 5
.02 service: 23.333333
Average salary: \$45,680.80
Total: \$28,740.85
Total/month: \$2,395.00

Federal Benefit Payment Computation
Birth date: 09/10/36
Hire date: 10/09/67
Freeze date: 06/30/97
Department service: 29/08/22
Other service: none
Partial deposit paid as of 6/30/97:
Deposit completed after 6/30/97:
Sick leave:
.015 service: 5
.0175 service: 5
.02 service: 19.666667; 22 days dropped
Average salary: \$45,680.80
Total: \$25,390.90
Total/month: \$2,116.00

DISABILITY RETIREMENT EXAMPLES

EXAMPLE 6: DISABILITY OCCURS BEFORE ELIGIBILITY FOR OPTIONAL RETIREMENT

A. In this example, an individual covered by the Police and Firefighters Plan hired before 1980 retires based on a disability in the line of duty in October 1997. At retirement, he is age 45 with 18 years, 5 months, and 11 days of departmental service. Since he had performed less than 20 years of service and had not reached the age of eligibility for an optional retirement, the Federal Benefit Payment does not begin at retirement. When the disability annuitant reaches age 55, he satisfies the age and service requirements for deferred retirement. At that time (August 20, 2007), the Federal Benefit Payment begins. It is based on the 18 years, 1 month, and 17 days of departmental service performed as of June 30, 1997, all at the 2.5 percent accrual rate.

EXAMPLE 6A—POLICE DISABILITY IN LINE OF DUTY, AGE 45 [Pre-80 hire]

Total Annuity Computation
Birth date: 08/20/52
Hire date: 05/14/79
Separation date: 10/24/97
Department service: 18/05/11
Other service:
Sick leave:
.025 service: 18.416667
.03 service:
Average salary: \$47,788.64
Final salary: \$50,938.00
Total: \$22,002.70
Total/month: \$1,834.00
% of average pay: \$31,859.11
Monthly: \$2,655.00

Federal Benefit Payment Computation
Birth date: 08/20/52
Hire date: 05/14/79
Freeze date: 06/30/97
Department service: 18/01/17
Other service:
Sick leave:
.025 service: 18.083333
.03 service:
Average salary: \$47,788.64
Final salary: \$50,938.00
Total: \$21,604.43
Total/month: \$1,800.00; deferred

B. In this example, an individual covered by the Teachers Plan hired before 1996 retires based on a disability in December 1997. At retirement, she is age 49 with 27 years and 4 months of departmental service which includes 3 years, 3 months and 14 days of excess leave without pay (prior to June 30, 1997). Since she does not qualify for optional retirement at separation, the Federal Benefit Payment does not begin at separation. When the disability annuitant reaches age 62, she

Pt. 29, Subpt. C, App. A

will satisfy the age and service requirements for deferred retirement. At that time (March 9, 2010), the Federal Benefit Payment begins. The time attributable to the excess leave without pay is subtracted from the service used to compute the Federal Benefit Payment. Since the excess leave without pay occurred before June 30, 1997, the deferred Federal Benefit Payment is based on the 23 years and 6 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 13 and 6 months of service at the 2 percent accrual rate.

EXAMPLE 6B—TEACHERS DISABILITY AGE 49 [Pre-96 hire]

Total Annuity Computation

Birth date: 03/09/48
Hire date: 09/01/70
Separation date: 12/31/97
Department service: 27/04/00
Other service:
Excess LWOP: 03/03/14
.015 service: 5
.0175 service: 5
.02 service: 14
Average salary: \$53,121.00
Total: \$23,506.04
Total/month: \$1,959.00

Federal Benefit Payment Computation

Birth date: 03/09/48
Hire date: 09/01/70
Freeze date: 06/30/97
Department service: 26/10/00
Other service:
Excess LWOP: 03/03/14
.015 service: 5
.0175 service: 5
.02 service: 13.5
Average salary: \$53,121.00
Total: \$22,974.83
Total/month: \$1,915.00; deferred

EXAMPLE 7: DISABILITY OCCURS AFTER ELIGIBILITY FOR OPTIONAL RETIREMENT

A. In this example, an individual covered by the Police and Firefighters Plan hired before 1980 retires based on a disability in the line of duty in October 1997. At retirement, she is age 55 with 24 years, 5 months, and 11 days of departmental service. Since she was also eligible for optional retirement at the time of separation, the Federal Benefit Payment commences at retirement. It is based on the 24 years, 1 month, and 17 days of departmental service performed as of June 30, 1997. Thus, the Federal Benefit Payment is based on 20 years of service at the 2.5 percent accrual rate and 4 years and 1 month of service at the 3 percent accrual rate. The total annuity is based on the disability formula and is equal to two-thirds of average pay because that amount is higher than the 63.25 percent payable based on total service.

31 CFR Subtitle A (7–1–12 Edition)

EXAMPLE 7A—POLICE DISABILITY IN LINE OF DUTY AGE 55 [Pre-80 hire]

Total Annuity Computation

Birth date: 10/01/42
Hire date: 05/14/73
Separation date: 10/24/97
Department service: 24/05/11
Other service:
Sick leave:
.025 service: 20
.03 service: 4.416667
Average salary: \$47,788.64
Final salary: \$50,938.00
Total: \$30,226.31
Total/month: \$2,519.00
2/3 of average pay: \$31,859.11
Monthly: \$2,655.00

Federal Benefit Payment Computation

Birth date: 10/01/42
Hire date: 05/14/73
Freeze date: 06/30/97
Department service: 24/01/17
Other service:
Sick leave:
.025 service: 20
.03 service: 4.083333
Average salary: \$47,788.64
Final salary: \$50,938.00
Total: \$29,748.43
Total/month: \$2,479.00

B. In this example, an individual covered by the Teachers Plan hired before 1996 retires based on a disability in December 1997. At retirement, he is age 60 with 27 years and 4 months of departmental service which includes 3 years, 3 months and 14 days of excess leave without pay (prior to June 30, 1997). Since he qualifies for optional retirement at separation, the Federal Benefit Payment begins at retirement. Since the excess leave without pay occurred before June 30, 1997, and the total annuity is based on actual service (that is, exceeds the guaranteed disability minimum), the time attributable to the excess leave without pay is subtracted from the service used to compute the Federal Benefit Payment and total benefit. The Federal Benefit Payment is based on 23 years and 6 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 13 years and 6 months of service at the 2 percent accrual rate. The total annuity payable is based on 24 years of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 14 years of service at the 2 percent accrual rate.

EXAMPLE 7B—TEACHERS DISABILITY AGE 60 [Pre-96 hire]

Total Annuity Computation

Birth date: 03/09/37

Office of the Secretary of the Treasury

Pt. 29, Subpt. C, App. A

EXAMPLE 7B—TEACHERS DISABILITY AGE 60— Continued [Pre-96 hire]

Total Annuity Computation
Hire date: 09/01/70 Separation date: 12/31/97 Department service: 27/04/00 Other service: Excess LWOP: 03/03/14 .015 service: 5 .0175 service: 5 .02 service: 14 Average salary: \$53,121.00 Total: \$23,506.04 Total/month: \$1,959.00
Federal Benefit Payment Computation
Birth date: 03/09/37 Hire date: 09/01/70 Freeze date: 06/30/97 Department service: 26/10/00 Other service: Excess LWOP: 03/03/14 .015 service: 5 .0175 service: 5 .02 service: 13.5 Average salary: \$53,121.00 Total: \$22,974.83 Total/month: \$1,915.00

DEFERRED RETIREMENT EXAMPLES

EXAMPLE 8: ALL SERVICE BEFORE JUNE 30, 1997

In this example, an individual covered by the Police and Firefighters Plan hired before 1980 separated in March 1986 with title to a deferred annuity. In November 1997, he reaches age 55 and becomes eligible for the deferred annuity based on his 15 years, 9 months, and 8 days of departmental service, all at the 2.5 percent accrual rate. The total annuity is based on the same 15 years, 9 months, and 8 days of service all at the 2.5 percent accrual rate. Since all the service is creditable as of June 30, 1997, the Federal Benefit Payment equals the total annuity.

EXAMPLE 8—POLICE DEFERRED [Pre-80 hire]

Total Annuity Computation
Birth date: 11/20/42 Hire date: 06/01/70 Separation date: 03/08/86 Department service: 15/09/08 Other service: Sick leave: .025 service: 15.75 .03 service: 0 Average salary: \$30,427.14 Final salary: \$45,415.00 Total: \$11,980.69 Total/month: \$998.00
Federal Benefit Payment Computation
Birth date: 11/20/42

EXAMPLE 8—POLICE DEFERRED—Continued [Pre-80 hire]

Total Annuity Computation
Hire date: 06/01/70 Freeze date: 03/08/86 Department service: 15/09/08 Other service: Sick leave: .025 service: 15.75 .03 service: 0 Average salary: \$30,427.14 Final salary: \$45,415.00 Total: \$11,980.69 Total/month: \$998.00

EXAMPLE 9: SERVICE STRADDLES JUNE 30, 1997

In this example, an individual covered by the Police and Firefighters Plan hired before 1980 separated in December 1997 with title to a deferred annuity. In November 2007, he will reach age 55 and becomes eligible to receive a deferred annuity. At that time, the Federal Benefit Payment begins. It is based on the 18 years and 1 month of departmental service performed as of June 30, 1997, all at the 2.5 percent accrual rate. The total annuity begins at the same time, based on his 18 years, 6 months, and 8 days of departmental service, all at the 2.5 percent accrual rate.

EXAMPLE 9—POLICE DEFERRED [Pre-80 hire]

Total Annuity Computation
Birth date: 11/20/52 Hire date: 06/01/79 Separation date: 12/08/97 Department service: 18/06/08 Other service: Sick leave: .025 service: 18.5 .03 service: 0 Average salary: \$30,427.14 Final salary: \$45,415.00 Total: \$14,072.55 Total/month: \$1,173.00
Federal Benefit Payment Computation
Birth date: 11/20/52 Hire date: 06/01/79 Freeze date: 06/30/97 Department service: 18/01/00 Other service: Sick leave: .025 service: 18.08333 .03 service: 0 Average salary: \$30,427.14 Final salary: \$45,415.00 Total: \$13,755.60 Total/month: \$1,146.00; deferred

Pt. 29, Subpt. C, App. A

**REDUCTION TO PROVIDE A SURVIVOR ANNUITY
EXAMPLES**

**EXAMPLE 10: SURVIVOR REDUCTION
CALCULATIONS**

Both of the following examples involve a former teacher who elected a reduced annuity to provide a survivor benefit:

A. In this example, the employee elected full survivor benefits. The Federal Benefit Payment is reduced by 2½ percent of the first \$3600 and 10 percent of the balance. The total annuity is also reduced by 2½ percent of the first \$3600 and 10 percent of the balance.

**EXAMPLE 10A—TEACHERS OPTIONAL W/
SURVIVOR REDUCTION**
[Pre-96 hire]

Total Annuity Computation

Birth date: 11/01/42
Hire date: 11/01/68
Separation date: 12/31/97
Department service: 29/02/00
Other service: 03/09/18
Military: 00/09/11
.015 service: 5
.0175 service: 5
.02 service: 23.666667
Average salary: \$66,785.00
Total unreduced: \$42,464.13
Reduction: \$3,976.41
Total reduced: \$38,487.72
Total/month: \$3,207.00

Federal Benefit Payment Computation

Birth date: 11/01/42
Hire date: 11/01/68
Freeze date: 06/30/97
Department service: 28/08/00
Other service: 03/09/18
Military: 00/09/11
.015 service: 5
.0175 service: 5
.02 service: 23.166667
Average salary: \$66,785.00
Total unreduced: \$41,796.28
Reduction: \$3,909.63
Total reduced: \$37,886.65
Total/month: \$3,157.00

B. In this example, the employee elects to provide a partial survivor annuity based on \$3600 per year. The Federal Benefit Payment is reduced by \$90 per year. The total benefit is reduced by \$90 per year.

**EXAMPLE 10B—TEACHERS OPTIONAL W/
SURVIVOR REDUCTION**
[Pre-96 hire]

Total Annuity Computation

Birth date: 11/01/42
Hire date: 11/01/68
Separation date: 12/31/97
Department service: 29/02/00
Other service: 03/09/18
Military: 00/09/11

31 CFR Subtitle A (7–1–12 Edition)

**EXAMPLE 10B—TEACHERS OPTIONAL W/
SURVIVOR REDUCTION—Continued**
[Pre-96 hire]

Total Annuity Computation

.015 service: 5
.0175 service: 5
.02 service: 23.666667
Average salary: \$66,785.00
Total unreduced: \$42,464.13
Reduction: \$90.00
Total reduced: \$42,374.13
Total/month: \$3,531.00

Federal Benefit Payment Computation

Birth date: 11/01/42
Hire Date: 11/01/68
Freeze date: 06/30/97
Department service: 28/08/00
Other service: 03/09/18
Military: 00/09/11
.015 service: 5
.0175 service: 5
.02 service: 23.166667
Average salary: \$66,785.00
Total unreduced: \$41,796.28
Reduction: \$90.00
Total reduced: \$41,706.28
Total/month: \$3,476.00

**EARLY OPTIONAL OR INVOLUNTARY
RETIREMENT EXAMPLES**

**EXAMPLE 11: EARLY OPTIONAL WITH AGE
REDUCTION**

In this example, an individual covered by the Teachers Plan hired before 1996 retires voluntarily in February 1998, under a special program that allows early retirement with at least 20 years of service at age 50 older, or at least 25 years of service at any age. At retirement, she is 6 full months short of age 55. She has 25 years and 5 months of departmental service; 6 years, 2 months, and 19 days of other service (creditable before June 30, 1997); and 2 months and 9 days of unused sick leave. Since she is not eligible for optional retirement and she is eligible to retire voluntarily only because of the District-approved special program, the Federal Benefit Payment is calculated similar to a disability retirement. It does not begin until she becomes eligible for a deferred annuity at age 62. When it commences the Federal Benefit Payment will be based on the service creditable as of June 30, 1997: 30 years and 11 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 20 years and 11 months of service at the 2 percent accrual rate. The total annuity is based on 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 21 years and 9 months of service at the 2 percent accrual rate (including the unused sick leave). Because the Federal

Office of the Secretary of the Treasury

Benefit Payment is based on the deferred annuity, rather than the early voluntary retirement, it is not reduced by the age reduction factor used to compute the total benefit.

EXAMPLE 11—TEACHERS EARLY OUT W/AGE REDUCTION [Pre-96 hire]

Total Annuity Computation

Birth date: 09/20/43
Hire date: 10/01/72
Separation date: 02/28/98
Department service: 25/05/00
Other service: 06/02/19
Sick leave: 00/02/09
.015 service: 5
.0175 service: 5
.02 service: 21.75
Average salary: \$69,281.14
Total unreduced: \$41,395.48
Age reduction factor: 0.990000
Total reduced: \$40,981.53
Total/month: \$3,415.00

Federal Benefit Payment Computation

Birth date: 09/20/43
Hire date: 10/01/72
Freeze date: 06/30/97
Department service: 24/09/00
Other service: 06/02/19
.015 service: 5
.0175 service: 5
.02 service: 20.916667
Average salary: \$69,281.14
Total unreduced: \$40,240.80
Reduction factor: 1.000000 no reduction
Total reduced: \$40,240.80
Total/month: \$3,353.00 deferred

EXAMPLE 12: INVOLUNTARY WITH AGE REDUCTION

In this example, an individual covered by the Teachers Plan hired before 1996 retires involuntarily in February 1998. At retirement, she is 6 full months short of age 55. She has 25 years and 5 months of departmental service; 6 years, 2 months, and 19 days of other service (creditable before June 30, 1997); and 2 months and 9 days of unused sick leave. The Federal Benefit Payment begins at retirement. It is based on the 30 years and 11 months of service; 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate, and 20 years and 11 months of service at the 2 percent accrual rate. The total annuity is based on 5 years of service at the 1.5 percent accrual rate, 5 years of service at the 1.75 percent accrual rate and 21 years and 9 months of service at the 2 percent accrual rate (including the unused sick leave). Both the Federal Benefit Payment and the total benefit are reduced by the age reduction factor.

Pt. 29, Subpt. C, App. A

EXAMPLE 12—TEACHERS INVOLUNTARY W/AGE REDUCTION [Pre-96 hire]

Total Annuity Computation

Birth date: 09/20/43
Hire date: 10/01/72
Separation date: 02/28/98
Department service: 25/05/00
Other service: 06/02/19
Sick leave: 00/02/09
.015 service: 5
.0175 service: 5
.02 service: 21.75
Average salary: \$69,281.14
Total unreduced: \$41,395.48
Age reduction factor: 0.990000
Total reduced: \$40,981.53
Total/month: \$3,415.00

Federal Benefit Payment Computation

Birth date: 09/20/43
Hire date: 10/01/72
Freeze date: 06/30/97
Department service: 24/09/00
Other service: 06/02/19
.015 service: 5
.0175 service: 5
.02 service: 20.916667
Average salary: \$69,281.14
Total unreduced: \$40,240.80
Age reduction factor: 0.990000
Total reduced: \$39,838.39
Total/month: \$3,320.00

DEATH BENEFITS EXAMPLE

EXAMPLE 13: DEATH BENEFITS CALCULATION

Regardless of whether death occurs in service or after retirement, if the death benefit is not based on the length of service, the portion of a death benefit that is a Federal Benefit Payment is based on the ratio of the number of months of the deceased employee's service as of June 30, 1997, to the number of months of the deceased employee's total service. This proration will always apply to cases of death after retirement in which the survivor annuity is based on the reduction in the employee's annuity to provide the benefit. It also applies to lump-sum benefits and benefits computed under a guaranteed-minimum or a percentage-of-disability-at-retirement formula.

A. In this example, an individual covered by the Teachers Plan retires in April 1998 with 30 years of service and elects to provide a full survivor annuity. He dies in June 1998. The Federal Benefit Payment is 97½ percent (351 months/360 months) of the total survivor benefit.

EXAMPLE 13A—TEACHERS DEATH BENEFITS [Pre-96 hire]

Total Annuity Computation

Birth date: 04/01/46
Hire date: 04/01/68

Pt. 29, Subpt. C, App. A

**EXAMPLE 13A—TEACHERS DEATH BENEFITS—
Continued**
[Pre-96 hire]

Total Annuity Computation	
Separation date:	04/01/98
Death date:	06/24/98
Department service:	30/00/00
Other service:	
Sick leave:	
Months:	360
Annual Benefit:	\$12,000.00
Monthly Benefit:	\$1,000.00
Federal Benefit Payment Computation	
Birth date:	04/01/46
Hire date:	04/01/68
Freeze date:	06/30/97
Death date:	06/24/98
Department service:	29/03/00
Other service:	
Months:	351
	\$11,700.00
	\$975.00

B. In this example, a teacher dies in service on June 30, 1998 after 31 years of departmental service. Since the survivor annuity is based on actual service, the Federal Benefit Payment is based on the 30 years of service as of June 30, 1997. The total benefit is based on the 31 years of total service. No proration is appropriate.

EXAMPLE 13B—TEACHERS DEATH BENEFITS
[Pre-96 hire]

Total Annuity Computation	
Birth date:	07/01/39
Hire date:	07/01/67
Separation date:	06/30/98
Death date:	06/30/98
Department service:	31/00/00
Other service:	
Sick leave:	
Average salary:	\$38,787.88
Annual Benefit:	\$12,426.67
Monthly Benefit:	\$1,036.00
Federal Benefit Payment Computation	
Birth date:	07/01/39
Hire date:	07/01/67
Freeze date:	06/30/97
Death date:	06/30/98
Department service:	30/00/00
Other service:	
Average salary:	\$38,787.88
	\$12,000.00
	\$1,000.00

C. In this example, a teacher dies in service on April 1, 1998 after 15 years of departmental service. Since the survivor annuity is based on the guaranteed minimum, the Federal Benefit Payment is a prorated portion of the total benefit. Since the teacher had 171 months of service as of the freeze date and 180 months of service at death, the Federal

31 CFR Subtitle A (7–1–12 Edition)

Benefit Payment equals 171/180ths of the total benefit.

EXAMPLE 13C—TEACHERS DEATH BENEFITS
[pre-96 hire]

Total Annuity Computation	
Birth date:	04/01/61
Hire date:	04/01/83
Separation date:	04/01/98
Death date:	04/01/98
Department service:	15/00/01
Average salary:	\$36,000.00
Months:	180
Annual Benefit:	\$7,920.00
Monthly Benefit:	\$660.00
Federal Benefit Payment Computation	
Birth date:	04/01/61
Hire date:	04/01/83
Freeze date:	06/30/97
Death date:	04/01/98
Department Service:	14/03/00
Average salary:	\$36,000.00
Months:	171
Ratio (171/180):	0.950000
	\$7,524.00
	\$627.00

D. In this example, as in the prior example, a teacher dies in service on April 1, 1998 after 15 years of departmental service. However, in this example, the teacher was age 40 on the hire date. The amount of service used in the survivor annuity calculation equals the amount of service that the teacher would have had if the teacher continued covered employment until age 60. Since the survivor annuity is based on projected service, a form of the guaranteed minimum, the Federal Benefit Payment is a prorated portion of the total benefit. Since the teacher had 171 months of service as of the freeze date and 180 months of service at death, the Federal Benefit Payment equals 171/180ths of the total benefit.

EXAMPLE 13D—TEACHERS DEATH BENEFITS
[Pre-96 hire]

Total Annuity Computation	
Birth date:	04/01/43
Hire date:	04/01/83
Separation date:	04/01/98
Death date:	04/01/98
Department service:	15/00/01
Departmental Service projected to age 60:	20/00/01
.015 service:	5
.0175 service:	5
.02 service:	10
Average salary:	\$36,000.00
Months:	180
Annual Benefit:	\$7,177.50
Monthly Benefit:	\$598.00
Federal Benefit Payment Computation	
Birth date:	04/01/43
Hire date:	04/01/83
Freeze date:	06/30/97

Office of the Secretary of the Treasury

Pt. 29, Subpt. C, App. A

EXAMPLE 13D—TEACHERS DEATH BENEFITS— Continued [Pre-96 hire]

Total Annuity Computation
Death date: 04/01/98 Department service: 14/03/00 Average salary: \$36,000.00 Months: 171 Ratio (171/180): 0.950000 \$6,818.63 \$568.00

COST OF LIVING ADJUSTMENT EXAMPLES

EXAMPLE 14: APPLICATION OF COST OF LIVING ADJUSTMENTS

Cost of living adjustments are applied directly to the Federal Benefit Payment to determine the new rate of the Federal Benefit Payment after a cost of living adjustment.

A. In this example, the cost of living adjustment is the same for the Federal Benefit Payment and the non-Federal Benefit Payment portion of the total benefit. Effectively, the total cost of living adjustment is proportionally split between the Federal Benefit Payment and the non-Federal Benefit Payment.

EXAMPLE 14A—TEACHERS COST OF LIVING ADJUSTMENT [Pre-96 hire]

Benefit Computation (at retirement)
Total Annuity Computation
Birth date: 11/04/48 Hire date: 03/01/86 Separation date: 02/28/2013 Department service: 27/00/00 Other service paid in 1995: 06/07/28 Excess LWOP in 1990: 00/03/18 .015 service: 5 .0175 service: 5 .02 service: 23.333333 Average salary: \$53,121.00 Total: \$33,421.98 Total/month: \$2,785.00
Benefit Computation (at retirement)
Federal Benefit Payment Computation
Birth date: 11/04/48 Hire date: 03/01/86 Freeze date: 06/30/1997 Department service: 11/04/00 Other service paid in 1995: 06/07/28 Excess LWOP in 1990: 00/03/18 .015 service: 5 .0175 service: 5 .02 service: 7.666667 Average salary: \$53,121.00 Total: \$16,777.38 Total/month: \$1,398.00
COLA Computation

DC COLA rate 4%

EXAMPLE 14A—TEACHERS COST OF LIVING ADJUSTMENT—Continued [Pre-96 hire]

Benefit Computation (at retirement)
Total COLA: 111 New rate: 2896 Federal COLA rate 4% Federal COLA: 56 New rate: 1454

B. In this example, a new District plan applies a different cost of living adjustment than is provided for the Federal Benefit Payment. The Federal Benefit Payment will be unaffected by the new District plan. In such a case, the total cost of living adjustment is no longer proportionally split between the Federal Benefit Payment and the non-Federal Benefit Payment.

EXAMPLE 14B—TEACHERS COST OF LIVING ADJUSTMENT [Pre-96 hire]

Benefit Computation (at retirement)
Total Annuity Computation
Birth date: 11/04/48 Hire date: 03/01/86 Separation date: 02/28/2013 Department service: 27/00/00 Other service paid in 1995: 06/07/28 Excess LWOP in 1990: 00/03/18 .015 service: 5 .0175 service: 5 .02 service: 23.333333 Average salary: \$53,121.00 Total: \$33,421.96 Total/month: \$2,785.00
Benefit Computation (at retirement)
Federal Benefit Payment Computation
Birth date: 11/04/48 Hire date: 03/01/86 Freeze date: 06/30/1997 Department service: 11/04/00 Other service paid in 1995: 06/07/28 Excess LWOP in 1990: 00/03/18 .015 service: 5 .0175 service: 5 .02 service: 7.666667 Average salary: \$53,121.00 Total: \$16,777.38 Total/month: \$1,398.00

COLA Computation Variations

Variation 1

DC COLA rate 5% of total benefit:
Total COLA: \$139.00
New rate: \$2,924.00
Federal COLA rate 4% of Federal Benefit Payment:
Federal COLA: \$56.00
New rate: \$1,454.00

§ 29.401

EXAMPLE 14B—TEACHERS COST OF LIVING ADJUSTMENT—Continued [Pre-96 hire]

Benefit Computation (at retirement)
Variation 2
DC COLA rate 5% of DC Payment: Total COLA: \$125.00 New rate: \$2,910.00 Federal COLA rate 4% of Federal Benefit Payment: Federal COLA: \$56.00 New rate: \$1,454.00

RETROACTIVE PAYMENT OF ACCRUED ANNUITY EXAMPLE

EXAMPLE 15: ACCRUAL OF FEDERAL BENEFIT PAYMENT

The Federal Benefit Payment begins to accrue on the annuity commencing date, regardless of whether the employee is added to the annuity roll in time for the regular payment cycle. If the employee is due a retroactive payment of accrued annuity, the portion of the retroactive payment that would have been Federal Benefit Payment (if it were made in the regular payment cycle) is still Federal Benefit Payment. In this example, a teacher retired effective September 11, 1998. She was added to the retirement rolls on the pay date November 1, 1998 (October 1 to October 31 accrual cycle). Her Federal Benefit Payment is \$3000 per month and her total benefit payment is \$3120 per month. Her initial check is \$5200 because it includes a prorated payment for 20 days (September 11 to September 30). The Federal Benefit Payment is \$5000 of the initial check (\$3000 for the October cycle and \$2000 for the September cycle).

EXAMPLE 15—TEACHERS ACCRUED BENEFIT [Pre-96 hire]

Total Annuity Computation
Birth date: 11/01/42 Hire date: 09/01/66 Separation date: 09/10/98 Department service: 32/00/10 .015 service: 5 .0175 service: 5 .02 service: 22 Average salary: \$62,150.00 Total: \$37,445.38 Total/month: \$3,120.00 Sept 11–30: \$2,080.00 Oct 1–31: \$3,120.00 Nov 1–30: \$3,120.00
Federal Benefit Payment Computation
Birth date: 11/01/42 Hire date: 09/01/66 Freeze date: 06/30/97 Department service: 30/10/00 .15 service: 5 .0175 service: 5

31 CFR Subtitle A (7–1–12 Edition)

EXAMPLE 15—TEACHERS ACCRUED BENEFIT— Continued [Pre-96 hire]

Total Annuity Computation
.02 service: 20.833333 Average salary: \$62,150.00 Total: \$35,995.21 Total/month: \$3,000.00 Sept 11–30: \$2,000.00 Oct 1–31: \$3,000.00 Nov 1–30: \$3,000.00

Subpart D—Claims and Appeals Procedures

SOURCE: 65 FR 80753, Dec. 22, 2000, unless otherwise noted.

§ 29.401 Purpose.

(a) This subpart explains—

(1) The procedures that participants and beneficiaries in the Judges Plan, Police and Firefighters Plan, and the Teachers Plan must follow in applying for Federal Benefit Payments;

(2) The procedures for determining an individual's eligibility for a Federal Benefit Payment and the amount and form of an individual's Federal Benefit Payment as required by sections 11021 and 11251(a) (codified at DC Official Code section 11–1570(c)(2)(a)) of the Act;

(3) The appeal rights available under section 11022(a) of the Act and section 3 of the 2004 Act (codified at DC Official Code section 11–1570(c)(3)) to claimants whose claim for Federal Benefit Payments is denied in whole or in part; and

(4) The special rules for processing competing claimant cases.

(b) This subpart does not apply to processing collection of debts due to the United States.

(c) This part does not apply to claims and appeals filed before October 1, 1997. Such claims must be pursued with the District of Columbia.

[65 FR 80753, Dec. 22, 2000, as amended at 70 FR 60005, Oct. 14, 2005]

§ 29.402 Definitions.

In this subpart—

Beneficiary means an individual designated by a participant, or by the terms of the Judges Plan, Police and Firefighters Plan, or Teachers Plan, who is or may become entitled to a benefit under those plans.