106TH CONGRESS 1st Session } HOUSE OF REPRESENTATIVES { REPORT 106–87

ROLLOVER DISTRIBUTIONS TO ACCOUNTS IN THE THRIFT SAVINGS PLAN

APRIL 13, 1999.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BURTON of Indiana, from the Committee on Government Reform, submitted the following

REPORT

[To accompany H.R. 208]

[Including cost estimate of the Congressional Budget Office]

The Committee on Government Reform, to whom was referred the bill (H.R. 208) to amend title 5, United States Code, to allow for the contribution of certain rollover distributions to accounts in the Thrift Savings Plan, to eliminate certain waiting-period requirements for participating in the Thrift Savings Plan, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

69–006

SECTION 1. ELIGIBLE ROLLOVER DISTRIBUTIONS.

(a) IN GENERAL.—Section 8432 of title 5, United States Code, is amended by adding at the end the following:

"(j)(1) For the purpose of this subsection—

"(A) the term 'eligible rollover distribution' has the meaning given such term by section 402(c)(4) of the Internal Revenue Code of 1986; and

"(B) the term 'qualified trust' has the meaning given such term by section 402(c)(8) of the Internal Revenue Code of 1986.

"(2) An employee or Member may contribute to the Thrift Savings Fund an eligible rollover distribution from a qualified trust. A contribution made under this subsection shall be made in the form described in section 401(a)(31) of the Internal Revenue Code of 1986. In the case of an eligible rollover distribution, the maximum amount transferred to the Thrift Savings Fund shall not exceed the amount which would otherwise have been included in the employee's or Member's gross income for Federal income tax purposes.

"(3) The Executive Director shall prescribe regulations to carry out this subsection.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on October 1, 2000, or such earlier date as the Executive Director (as defined by section 8401 of title 5, United States Code) may by regulation prescribe, but not before September 1, 2000.

SEC. 2. IMMEDIATE PARTICIPATION IN THE THRIFT SAVINGS PLAN.

(a) ELIMINATION OF CERTAIN WAITING PERIODS FOR PURPOSES OF EMPLOYEE CONTRIBUTIONS.—Paragraph (4) of section 8432(b) of title 5, United States Code, is amended to read as follows:

"(4) The Executive Director shall prescribe such regulations as may be necessary to carry out the following:

"(A) Notwithstanding subparagraph (A) of paragraph (2), an employee or Member described in such subparagraph shall be afforded a reasonable opportunity to first make an election under this subsection beginning on the date of commencing service or, if that is not administratively feasible, beginning on the earliest date thereafter that such an election becomes administratively feasible, as determined by the Executive Director.

"(B) An employee or Member described in subparagraph (B) of paragraph (2) shall be afforded a reasonable opportunity to first make an election under this subsection (based on the appointment or election described in such subparagraph) beginning on the date of commencing service pursuant to such appointment or election or, if that is not administratively feasible, beginning on the earliest date thereafter that such an election becomes administratively feasible, as determined by the Executive Director.

"(C) Notwithstanding the preceding provisions of this paragraph, contributions under paragraphs (1) and (2) of subsection (c) shall not be payable with respect to any pay period before the earliest pay period for which such contributions would otherwise be allowable under this subsection if this paragraph had not been enacted.

"(D) Sections 8351(a)(2), 8440a(a)(2), 8440b(a)(2), 8440c(a)(2), and 8440d(a)(2) shall be applied in a manner consistent with the purposes of subparagraphs (A) and (B), to the extent those subparagraphs can be applied with respect thereto.

"(E) Nothing in this paragraph shall affect paragraph (3).".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—(1) Section 8432(a) of title 5, United States Code, is amended—

(A) in the first sentence by striking "(b)(1)" and inserting "(b)"; and

(B) by amending the second sentence to read as follows: "Contributions under this subsection pursuant to such an election shall, with respect to each pay period for which such election remains in effect, be made in accordance with a program of regular contributions provided in regulations prescribed by the Executive Director.".

(2) Section 8432(b)(1)(B) of title 5, United States Code, is amended by inserting "(or any election allowable by virtue of paragraph (4))" after "subparagraph (A)".

(3) Section 8432(b)(3) of title 5, United States Code, is amended by striking "Notwithstanding paragraph (2)(A), an" and inserting "An".

(4) Section 8439(a)(1) of title 5, United States Code, is amended by inserting "who makes contributions or" after "for each individual" and by striking "section 8432(c)(1)" and inserting "section 8432".

(5) Section 8439(c)(2) of title 5, United States Code, is amended by adding at the end the following: "Nothing in this paragraph shall be considered to limit the dissemination of information only to the times required under the preceding sentence.".

(6) Sections 8440a(a)(2) and 8440d(a)(2) of title 5, United States Code, are amended by striking all after "subject to" and inserting "this chapter.".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on October 1, 2000, or such earlier date as the Executive Director (as defined by section 8401 of title 5, United States Code) may by regulation prescribe, but not before September 1, 2000.

(2) SAVINGS PROVISION.—Notwithstanding any other provision of this section, until the amendments made by this section take effect, title 5, United States Code, shall be applied as if this section had not been enacted.

SEC. 3. ADDITIONAL GOVERNMENT CONTRIBUTIONS FOR RETIREMENT.

(a) FEDERAL EMPLOYEES' RETIREMENT SYSTEM.—Section 8423(a) of title 5, United States Code, is amended by adding at the end the following:

"(5) Notwithstanding any other provision of this chapter, effective with respect to contributions for pay periods beginning on or after October 1, 2000, the normal-cost percentage used for purposes of any computation under this subsection shall be equal to—

"(A) the percentage that would otherwise apply if this paragraph had not been enacted, plus

"(B) .01 of 1 percentage point.".

(b) SUPPLEMENTAL LIABILITY.—For purposes of applying section 8423(b) of title 5, United States Code, and section 857(b) of the Foreign Service Act of 1980 (22 U.S.C. 4071f(b)), all amounts shall be determined as if this section had never been enacted.

(c) LIMITATION ON SOURCE OF ADDITIONAL CONTRIBUTIONS.—Notwithstanding section 8423(a)(3) of title 5, United States Code, or any other provision of law, the additional Government contributions required to be made by reason of the amendment made by subsection (a) shall be made out of any amounts available to the employing agency involved, other than any appropriation, fund, or other amounts available for the payment of employee salaries or benefits.

(d) CONFORMING AMENDMENT.—Section 307 of the Federal Employees' Retirement System Act of 1986 (Public Law 99–335; 5 U.S.C. 8401 note) is amended by inserting ", including the additional amount required under section 8423(a)(5)(B) of such title 5," after "Federal Employees' Retirement System".

I. SHORT SUMMARY OF LEGISLATION

This bill authorizes Federal employees to begin participation in the Thrift Savings Plan immediately upon being hired rather than waiting six months to a year as is required by current law. This legislation also authorizes new Federal hires to contribute eligible rollover distributions from qualified trusts, including private sector 401(k) accounts, to the Thrift Savings Fund.

II. BACKGROUND AND NEED FOR THE LEGISLATION

H.R. 208 would bolster a critical component of Federal employee retirement benefits, the Thrift Savings Plan. The Thrift Savings Plan (TSP) is a retirement saving and investment plan for Federal and postal employees. The TSP is a critical part of the Federal employee benefits package, and particularly important for those employees hired in the last decade who, under the Federal Employees Retirement System (FERS), receive smaller defined benefits and need to invest greater amounts in order to enhance their retirement income. H.R. 208 improves the current TSP in two distinct ways. First, it permits newly hired Federal employees to begin making tax-advantaged contributions toward their own retirement earlier than allowed under current law. Under current law, new hires must wait until the second open season after they begin working for the government. Many new employees have to wait as long as a year. Second, employees are allowed to contribute "rollover" distributions from certain qualified trusts, such as 401(k) plans. These contributions are not permitted under current law.

Too few Americans adequately save for their retirement. Data published on the Internet by the American Savings Education Council show that since 1992, personal savings as a percentage of disposable personal income has dropped steadily from 5.7% to 0.5% in 1998.[1] Half of all families headed by someone between 55 and 64 years old possess less than $5,000 in net financial assets.[2] With the retirement of America's baby-boomers approaching, and in light of all the uncertainties surrounding Social Security, Congress should encourage everyone, including Federal employees, to assume more responsibility for their own retirement.

H.R. 208 provides a partial solution. Employees will be able to make contributions as much as one year earlier than they otherwise would have. Agencies will not make government contributions during this period. Nevertheless, the opportunity to participate in this tax-deferred savings program for this additional period should be particularly helpful to employees who are beginning their careers. Because of the effects of compounding, even modest contributions in the early years of a savings plan can yield substantial benefits over time. According to the Congressional Research Service, employees will add almost $19,000 more to their TSP accounts after a 30 year career for each $1,000 they contribute during their first year, assuming a 10% rate of return. That is an excellent incentive to save. H.R. 208 will also make it more convenient for employees to manage their retirement investments by permitting them to roll the amounts in their private 401(k) plans and other qualified trusts into the TSP.

III. Legislative Hearings and Committee Actions

The Committee held no legislative hearings on H.R. 208. Rep. Constance A. Morella introduced H.R. 208 on January 6, 1999. The bill was referred to the Committee on Government Reform on January 6, 1999, and, on January 25, 1999, to the Subcommittee on the Civil Service. On February 25, 1999, the Subcommittee considered the bill, and forwarded the bill to the Committee on Government Reform by voice vote. The Committee on Government Reform considered the bill on March 17, 1999. Mrs. Morella offered an amendment in the nature of a substitute, which offset the loss of tax revenues that accompanies earlier participation in the TSP by increasing agency contributions to the Civil Service Retirement and Disability Fund. The Committee adopted the amendment in the nature of a substitute by voice vote and, also by voice vote, ordered the bill, as amended, to be reported to the House.

IV. Committee Hearings and Written Testimony

The Committee did not hold any hearings related to this legislation.

[1] American Savings Education Council, www.asec.org/perssav.htm#def.

[2] Joseph M. Anderson, The Wealth of U.S. Families in 1995 (Capital Research Associates 1998), p. 3. Net financial assets are gross financial assets minus unsecured debt.

V. Explanation of the Bill as Reported: Section-by-Section

SECTION 1. ELIGIBLE ROLLOVER DISTRIBUTIONS

This section amends 5 U.S.C. 8432 to permit employees and Members to transfer to the TSP his or her account balance from a plan qualified under section 401(a) or 408(b) of the Internal Revenue Code or an Individual Retirement Arrangement (IRA) qualified under sections 408(a) or 408(b) to the TSP. Such transfers are not permitted under current law.

SECTION 2. IMMEDIATE PARTICIPATION IN THE THRIFT SAVINGS PLAN

This section amends 5 U.S.C. 8432(b) to eliminate statutorily required waiting periods before employees and Members may contribute to the TSP. Under this section, such individuals shall be eligible to contribute on the day they began service or, if that is not administratively feasible, on the earliest date thereafter that the Executive Director determines to be feasible. This section takes effect 6 months after the date of enactment or on such earlier date as the Executive Director of the Federal Retirement Thrift Investment Board may prescribe by regulation.

SECTION 3. ADDITIONAL GOVERNMENT CONTRIBUTIONS FOR RETIREMENT

This section amends 5 U.S.C. 8432(a) to require agencies to contribute an additional one one-hundredth of one percent of FERS payroll to the Civil Service Retirement and Disability Fund. These additional contributions will not reduce the amount of supplemental contributions required under section 8423(b) of title 5, United States Code or section 857(b) of the Foreign Service Act of 1980 (22 U.S.C. § 4071f(b)). Agencies may not take the additional contributions required under this section from accounts used to pay employee salaries or benefits.

VI. Compliance With Rule XIII

Pursuant to rule XIII, clause 3(c)(1) of the Rules of the House of Representatives, under the authority of rule X, clause 2(b)(1) and clause 3(e), the results and findings from Committee oversight activities are incorporated in the bill and this report.

VII. Budget Analysis and Projections

The budget analysis and projections required by section 308(a) of the Congressional Budget Act of 1974 are contained in the estimate of the Congressional Budget Office.

VIII. Cost Estimate of the Congressional Budget Office

U.S. Congress,
Congressional Budget Office,
Washington, DC, March 26, 1999.

Hon. Dan Burton,
Chairman, Committee on Government Reform,
U.S. House of Representatives, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 208, a bill amending the Thrift Savings Plan for federal employees.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Eric Rollins.

Sincerely,

Steven M. Lieberman,
(For Dan L. Crippen, Director).

Enclosure.

H.R. 208—To amend title 5, United States Code, to allow for the contribution of certain rollover distributions to accounts in the Thrift Savings Plan, to eliminate certain waiting-period requirements for participating in the Thrift Savings Plan, and for other purposes

Summary: H.R. 208 would make two changes to the Thrift Savings Plan (TSP), the defined contribution component of the federal government's major civilian retirement programs. The bill would let newly hired federal employees make contributions to the TSP sooner than allowed under current law and let federal employees transfer balances from other tax-deferred savings plans to their TSP accounts. The bill would also raise the amount that federal agencies contribute to the Civil Service trust fund for employees covered by the Federal Employees' Retirement System (FERS) by 1⁄100 of a percentage point. All changes would become effective on October 1, 2000.

CBO estimates that H.R. 208 would increase discretionary spending by $35 million over the 2000–2004 period because of higher agency contributions to the Civil Service Retirement Trust Fund. The bill would have no net impact on direct spending and revenues over the same period. The receipt of the additional retirement contributions would lower direct spending by $35 million, and the bill's TSP-related provisions would decrease revenues by $35 million over the 2000–2004 period. Because this bill would affect direct spending and receipts, pay-as-you-go procedures would apply.

H.R. 208 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not have a significant effect on the budgets of state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 208 is shown in the following table.

	By fiscal years, in millions of dollars—				
	2000	2001	2002	2003	2004
SPENDING SUBJECT TO APPROPRIATION					
Agency retirement contributions	0	8	8	9	10
CHANGES IN DIRECT SPENDING					
Agency retirement contributions	0	−8	−8	−9	−10
CHANGES IN REVENUES					
Estimated revenues	0	−8	−9	−9	−9
TOTAL COST OF H.R. 208					
Direct spending and revenues	0	0	1	0	−1
All spending and revenues	0	8	9	9	9

Note:—The Joint Committee on Taxation prepared the estimates of the changes in revenues.

The costs of this legislation fall within budget function 950 (Undistributed Offsetting Receipts).

Basis of Estimate

Raise Agency Retirement Contributions Under FERS

Under FERS, total employee and agency retirement contributions equal the normal cost of providing retirement benefits. The current normal cost for most FERS employees is 11.5 percent of basic pay. Employees typically contribute 0.8 percent of their basic pay, and agencies pay the remaining 10.7 percent. H.R. 208 would add 1⁄100 of a percentage point to the amount that agencies contribute. For most FERS employees, agency contributions would rise to 10.71 percent of basic pay.

This provision would increase agency retirement contributions under FERS by $35 million over the 2000–2004 period. This increase in agency contributions would be reflected in the budget both as additional agency outlays and as an increase in offsetting receipts to the Civil Service Retirement Trust Fund.

Allow New Hires to Participate in TSP Sooner

Newly hired Federal employees must now wait two open seasons (6 to 12 months) before they can begin making contributions to the TSP. H.R. 208 would allow new hires to begin making TSP contributions immediately, although government contributions would still not begin until the second open season.

The Joint Committee on Taxation (JCT) estimates that the Federal Government would forgo tax revenues of about $35 million over the 2000–2004 period as a result of this provision. Based on recent experience, JCT assumed that between 90,000 and 95,000 eligible new employees would be hired each year, and that most of these new hires would participate in the TSP. Under the bill, employees would contribute more money to their TSP accounts than under current law. This increase in contributions would decrease federal income tax revenues because TSP contributions are not taxed until withdrawn from the plan.

Allow Rollovers from Other Tax-Deferred Savings Plans

H.R. 208 would allow employees to transfer funds from certain tax-deferred savings plans, such as a 401(k) plan from a previous job, to their TSP accounts. JCT estimates that this provision would not have a significant budgetary impact.

Pay-as-you-go considerations: The provisions of H.R. 208 would affect direct spending and revenues and therefore be subject to pay-as-you-go procedures. The pay-as-you-go effects of the bill are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By fiscal years, in millions of dollars—										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	0	0	−8	−8	−9	−10	−10	−11	−12	−13	−13
Changes in receipts	0	0	−8	−9	−9	−9	−9	−10	−10	−10	−11

Intergovernmental and private-sector impact: H.R. 208 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not have a significant effect on the budgets of state, local, or tribal governments.

Estimate prepared by: Federal Costs: Eric Rollins. Impact on State, Local, and Tribal Governments: Leo Lex. Impact on the Private Sector: John Harris.

Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

IX. Specific Constitutional Authority for This Legislation

Clauses 1 and 18 of Article I, Sec. 8 of the Constitution grant Congress the power to enact this law.

X. Committee Recommendation

On March 17, 1999, a quorum being present, the Committee ordered the bill favorably reported.

Committee on Government Reform—106th Congress. Record Vote

Date: March 17, 1999. Amendment Offered by: Hon. Constance A. Morella. Adopted by voice vote. Final Passage of H.R. 208. Offered by: Hon. Constance A. Morella. Adopted by voice vote.

XI. Congressional Accountability Act; Public Law 104–1; Section 102(B)(3)

H.R. 208 affects employees of the legislative branch who participate in the Thrift Savings Plan.

XII. Unfunded Mandates Reform Act; Public Law 104–4; Section 423

H.R. 208 does not impose any Federal mandates on state, local, or tribal governments, or the private sector, and it does not preempt any state or local law.

XIII. FEDERAL ADVISORY COMMITTEE ACT (5 U.S.C. APP.) SECTION 5(b)

The Committee finds that H.R. 208 does not establish or authorize establishment of an advisory committee within the definition of 5 U.S.C. App., Section 5(b).

XIV. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 5, UNITED STATES CODE

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PART III—EMPLOYEES

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Subpart G—Insurance and Annuities

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CHAPTER 84—FEDERAL EMPLOYEES' RETIREMENT SYSTEM

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SUBCHAPTER II—BASIC ANNUITY

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§ 8423. Government contributions

(a)(1) * * *

* * * * * * *

(5) Notwithstanding any other provision of this chapter, effective with respect to contributions for pay periods beginning on or after October 1, 2000, the normal-cost percentage used for purposes of any computation under this subsection shall be equal to—

(A) the percentage that would otherwise apply if this paragraph had not been enacted, plus

(B) .01 of 1 percentage point.

* * * * * * *

SUBCHAPTER III—THRIFT SAVINGS PLAN

* * * * * * *

§ 8432. Contributions

(a) An employee or Member may contribute to the Thrift Savings Fund in any pay period, pursuant to an election under subsection (b)⟦(1)⟧, an amount not to exceed 10 percent of such individual's basic pay for such period. [Contributions made under this subsection during any 6-month period for which an election period is provided under subsection (b)(1) shall be made each pay period during such 6-month period pursuant to a program of regular contributions provided in regulations prescribed by the Executive Director.] *Contributions under this subsection pursuant to such an election shall, with respect to each pay period for which such election remains in effect, be made in accordance with a program of regular contributions provided in regulations prescribed by the Executive Director.*

(b)(1)(A) * * *

(B) The amount to be contributed pursuant to an election under subparagraph (A) *(or any election allowable by virtue of paragraph (4))* shall be the percentage of basic pay or amount designated by the employee or Member.

* * * * * * *

(3) [Notwithstanding paragraph (2)(A), an] *An* employee or Member who elects to become subject to this chapter under section 301 of the Federal Employees' Retirement System Act of 1986 may make the first election for the purpose of subsection (a) during the period prescribed for such purpose by the Executive Director. The period prescribed by the Executive Director shall commence on the date on which the employee or Member makes the election to become subject to this chapter.

[(4)(A) Notwithstanding paragraph (2)(A), an employee or Member who is an employee or Member on January 1, 1987, and continues as an employee or Member without a break in service through April 1, 1987, may make the first election for the purpose of subsection (a) during the election period prescribed for such purpose by the Executive Director. The Executive Director shall prescribe an election period for such purpose which shall commence on April 1, 1987. An election by such an employee or Member during that election period shall be effective on the first day of the employee's or Member's first pay period which begins after the date on which the employee or Member makes that election.

[(B) Notwithstanding subsection (a), the maximum amount that an employee or Member may contribute during any pay period which begins on or after April 1, 1987, and before October 1, 1987, pursuant to an election made during the election period provided under subparagraph (A) is the amount equal to 15 percent of such individual's basic pay for such period.]

(4) The Executive Director shall prescribe such regulations as may be necessary to carry out the following:

(A) Notwithstanding subparagraph (A) of paragraph (2), an employee or Member described in such subparagraph shall be afforded a reasonable opportunity to first make an election under this subsection beginning on the date of commencing service or, if that is not administratively feasible, beginning on the earliest date thereafter that such an election becomes administratively feasible, as determined by the Executive Director.

(B) An employee or Member described in subparagraph (B) of paragraph (2) shall be afforded a reasonable opportunity to first make an election under this subsection (based on the appointment or election described in such subparagraph) begin-

ning on the date of commencing service pursuant to such appointment or election or, if that is not administratively feasible, beginning on the earliest date thereafter that such an election becomes administratively feasible, as determined by the Executive Director.

(C) Notwithstanding the preceding provisions of this paragraph, contributions under paragraphs (1) and (2) of subsection (c) shall not be payable with respect to any pay period before the earliest pay period for which such contributions would otherwise be allowable under this subsection if this paragraph had not been enacted.

(D) Sections 8351(a)(2), 8440a(a)(2), 8440b(a)(2), 8440c(a)(2), and 8440d(a)(2) shall be applied in a manner consistent with the purposes of subparagraphs (A) and (B), to the extent those subparagraphs can be applied with respect thereto.

(E) Nothing in this paragraph shall affect paragraph (3).

* * * * * * *

(j)(1) For the purpose of this subsection—

(A) the term "eligible rollover distribution" has the meaning given such term by section 402(c)(4) of the Internal Revenue Code of 1986; and

(B) the term "qualified trust" has the meaning given such term by section 402(c)(8) of the Internal Revenue Code of 1986.

(2) An employee or Member may contribute to the Thrift Savings Fund an eligible rollover distribution from a qualified trust. A contribution made under this subsection shall be made in the form described in section 401(a)(31) of the Internal Revenue Code of 1986. In the case of an eligible rollover distribution, the maximum amount transferred to the Thrift Savings Fund shall not exceed the amount which would otherwise have been included in the employee's or Member's gross income for Federal income tax purposes.

(3) The Executive Director shall prescribe regulations to carry out this subsection.

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§ 8439. Accounting and information

(a)(1) The Executive Director shall establish and maintain an account for each individual *who makes contributions or* for whom contributions are made under ⟦section 8432(c)(1)⟧ *section 8432* of this title or who makes contributions to the Thrift Savings Fund under section 8351 of this title.

* * * * * * *

(c)(1) * * *

(2) Information under this subsection shall be provided at least 30 calendar days before the beginning of each election period under section 8432(b)(1)(A) of this title, and in a manner designed to facilitate informed decisionmaking with respect to elections under sections 8432 and 8438 of this title. *Nothing in this paragraph shall be considered to limit the dissemination of information only to the times required under the preceding sentence.*

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§ 8440a. Justices and judges

(a)(1) * * *

(2) An election may be made under paragraph (1) only during a period provided under section 8432(b) for individuals subject to ⟦chapter 84 of this title: *Provided, however,* That a justice or judge may make the first such election within 60 days of the effective date of this section.⟧ *this chapter.*

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§ 8440d. Judges of the United States Court of Appeals for Veterans Claims

(a)(1) * * *

(2) An election may be made under paragraph (1) only during a period provided under section 8432(b) of this title for individuals subject to ⟦chapter 84 of this title.⟧ *this chapter.*

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SECTION 307 OF THE FEDERAL EMPLOYEES' RETIREMENT SYSTEM ACT OF 1986

SEC. 307. USE OF "NORMAL-COST PERCENTAGE".

Notwithstanding any other provision of law, the normal-cost percentage (as defined by section 8401(23) of title 5, United States Code, as added by this Act) of the Federal Employees' Retirement System*, including the additional amount required under section 8423(a)(5)(B) of such title 5,* shall be used to value the cost of the System for all purposes in which the cost of the System is required to be determined by the Federal Government, including any comparisons between the cost of performing commercial activities under contract with commercial sources and the cost of performing those activities using Government facilities and personnel.

○