

United States  
Office of Personnel Management  
Retirement **Services Program**  
Washington, D.C. 20415

|  |
|--|
| Claim Number<br><b>CSA</b>               |
| Case Name ( <i>last, first, middle</i> ) |
| This Notice Dated                        |
| Please Reply by                          |

### Alternative Annuity Election Information

This letter explains an important election which must be made before we can complete work on your retirement application. You must choose one of the three options (1A, 1B, or 2) shown on the enclosed Alternative Annuity Election. Please read all of the information provided in this letter (and the enclosures) carefully before making your election.

The annuity rates shown are based on the survivor election made on your retirement application. In choosing an option, you will be affirming the survivor election previously made. If there is some reason that you now wish to **change the election you made on your retirement application, please write to us immediately** or you may call the telephone number shown at the bottom of this page under "NOTE." (We will send you another alternative annuity election letter, along with a form that must be completed to obtain your spouse's consent to the change in your survivor election.) Your survivor election can be changed later, but only under limited circumstances.

**This election cannot be postponed until after the Office of Personnel Management (OPM) completes action on your claim. Please use the pre-addressed envelope to return your signed original election form. If your completed election is not returned by the reply date shown above, your application will be processed under Option 1A.**

### Regular Annuity - Option 1A or 1B

**Option 1A** shows the annuity rates to which you and your survivor are entitled if you do not elect the alternative annuity described in Option 2. The rate shown includes a reduction if you have not paid a redeposit for a refund of Civil Service retirement deductions which were withheld while you were performing service which ended before October 1, 1990. The law provides that your annuity will be computed to give you credit for the refunded service, but that an actuarial reduction will be applied to the monthly rate. The reduction is based on the amount owed for the redeposit using the same actuarial factors used to determine the alternative annuity reduction. If you performed Civil Service Retirement System (CSRS) service on or after October 1, 1982, during which no retirement deductions were withheld from your salary (10/1/82 deposit service) or any Federal Employees Retirement System (FERS) service prior to 1989 during which no retirement deductions were withheld from your salary, we have NOT included that service in the computation of the annuity rate shown. The amount of your annuity without this reduction is shown in Option 1B. Survivor rates are not shown if you did not elect a survivor annuity on your retirement application.

**NOTE: If you wish to elect Option 1A, you may call (202) 606-0367 by the reply date to inform OPM of this election.**

**Your claim can be processed immediately based on the phone call. The phone election is available with Option 1A only.**

**For election of any other option, you must return this form with the required signature(s) by the reply date.**

**Option 1B** shows the annuity rates to which you and your survivor are entitled if you do not elect the alternative annuity described in Option 2 and you elect to pay the redeposit for any refunded Civil Service Retirement System (CSRS) service and/or a deposit for any CSRS 10/1/82 deposit service or any Federal Employees Retirement System (FERS) service prior to 1989 during which no retirement deductions were withheld. The total amount you owe, including interest, is shown. If you elect Option 1B, the repayment must be made in full now; installment payments will not be accepted. Survivor rates are not shown if you did not elect a survivor annuity on your retirement application.

### **Alternative Annuity With Lump-Sum Payment - Option 2**

**Option 2** shows the monthly annuity you will receive if you choose a reduced "alternative" monthly annuity rate instead of the monthly annuity which you could elect under Options 1A or 1B. If you choose this option, you will receive a lump-sum payment equal to all your retirement contributions, as well as the reduced monthly annuity shown on the election form. If you have ever performed service which was not covered by retirement deductions, we have computed your annuity rate under Option 2 *as though you have paid any amount owed*.

**Note to retirees covered by the Federal Employees Retirement System (FERS):** Under Option 2 your annuity has been computed as though you had paid any amount owed for service performed before 1989 which was not covered by retirement deductions.

You may not elect Option 2 if you have a former spouse who is entitled by court order to receive a portion of your annuity or a survivor annuity based on your service *regardless of whether or not your former spouse would consent*. If you were married at the time you retired and you wish to elect Option 2, your spouse **must** consent to your election by signing the election in the presence of a notary public or other official authorized to administer oaths. If you were divorced after retirement *and no survivor benefit or portion of your annuity was awarded in the divorce*, your former spouse must consent to your election of Option 2 in the presence of a notary.

### **Rollover Election**

The Federal income tax law permits you to elect a tax-free rollover of your alternative annuity lump sum to an eligible individual retirement arrangement or employer plan. Rollover information and election forms are enclosed. If you elect Option 2, Alternative Annuity with Lump Sum Payment, please read the rollover information and make your rollover election.

### **Alternative Annuity Election and Disability Retirement**

The retirement law provides that an employee may file for disability retirement at any time prior to separation or within one year thereafter. However, the Federal Employees Retirement System Act of 1986, which established the alternative form of annuity option, limits eligibility for the alternative annuity option to those retirees who elect *non-disability* retirement annuity (5 USC 8343a, 5 USC 8420a, 5 CFR 831.2203 and 5 CFR 842.703). Please be advised that **if** you elect the alternative form of annuity (Option 2), you will **not** be permitted to change to a disability retirement after the final adjudication of your claim.

### **Concurrent Payment of Workers' Compensation Benefits**

The following information is particularly important *if you are, or may become, entitled to receive non-scheduled compensation benefits for a job-related injury or illness from the Department of Labor, Office of Workers' Compensation Programs (OWCP)*.

The Department of Labor and the Internal Revenue Service have made determinations regarding the effect that payment of the lump-sum portion of the alternative annuity option has on eligibility for OWCP compensation benefits and on Federal income tax liability for alternative annuity payments. You should consider the ramifications of these determinations which are discussed below so that you can make an informed annuity election.

The Federal Employees' Compensation Act (FECA) prohibits "concurrent" payment of non-scheduled Office of Workers' Compensation (OWCP) benefits and other remuneration from the Federal government, including annuity benefits. The Department of Labor has determined that, if an individual is entitled to non-scheduled compensation for a job-related injury or illness under FECA, he or she cannot receive the monthly annuity or lump-sum portion of the alternative annuity option and the non-scheduled compensation from OWCP for the same time period. This means that if you elect Option 2 and receive the lump sum, but then choose to receive OWCP benefits instead, all OWCP benefits will be paid to the Office of Personnel Management (OPM) (with no benefits coming to you) until the entire lump-sum payment amount and the monthly annuity paid to you have been repaid to OPM. Receipt of non-scheduled OWCP benefits does not terminate your right to reinstate your retirement benefits (if your OWCP benefits were reduced or terminated). However the alternative annuity lump-sum payment must be elected at the time of retirement or not at all; therefore, if your retirement benefits were later reinstated, you would then be eligible to receive only the regular annuity benefit. You would not be eligible to receive the alternative annuity again (or at all if you initially elected the regular retirement annuity).

You may alter your election and choose another option on or before the date that is 30 days after the date of your first regular monthly annuity payment by giving OPM written notification of your desire to change your election. However, you should also be aware of a ruling by the Internal Revenue Service (IRS) on the Federal income tax implications if the lump-sum portion of the alternative annuity is paid and you subsequently decide to repay it to OPM. IRS has determined that once you have elected the alternative annuity and the lump sum is paid, you have incurred tax liability for the payment, and that tax liability is **not** altered by subsequent repayment to OPM. Generally, 85 to 95 percent of the lump sum is taxable. If you elect the alternative annuity and subsequently elect to receive compensation benefits, you will still have incurred tax liability for the lump-sum payment and your tax liability will not change *even though you repay the lump sum*.

The Alternative Annuity Election includes your affirmation that you understand that you may not legally receive both retirement annuity and non-scheduled compensation from OWCP for the same period of time. **If you are presently eligible for non-scheduled OWCP benefits, you should notify OPM immediately.**

## Retirement Services Program

Enclosures:

Alternative Annuity Election (RI 20-80)

Information for Your Tax Records (RI 37-8)

Rollover Information (RI 38-118)

Rollover Election (RI 38-117)

Special Tax Notice Regarding Rollover (RI 37-22)

Pre-addressed envelope to return your election to OPM

### Privacy Act Statement

Solicitation of this information is authorized by Chapters 83 and 84, title 5, U.S. Code. The information you furnish will be used to obtain additional information, if necessary, and to determine and allow present or future benefits. The information may be shared and is subject to verification, via paper, electronic media, or through the use of computer matching programs, with national, state, local, or other charitable or social security administrative agencies in order to determine benefits under their programs, to obtain information necessary for determination of benefits under this program, or to report income for tax purposes. It may also be shared and verified, as noted above, with law enforcement agencies when they are investigating a violation or potential violation of civil or criminal law.

### Public Burden Statement

We **think** this form takes an average 20 minutes per response to complete, including the time for reviewing instructions, getting the needed data, and reviewing the completed form. Send comments regarding our estimate or any other aspect of this form, including suggestions for reducing completion time, to the Office of Personnel Management (OPM), **OPM Forms Officer** (3206-0168), Washington, D.C. 20415-7900. The OMB Number, 3206-0168 is currently valid. OPM may not collect this information, and you are not required to respond, unless this number is displayed.

# Alternative Annuity Election

Form Approved:  
OMB No. 3206-0168

|  |   |                               |
|--|---|-------------------------------|
| <b>You should read all of the information we have provided with this election form <i>before</i> you make your election</b>  |   |                               |
| Name ( <i>last, first, middle</i> )  | CSA   | Reference                     |
| <b>Option 1A - Regular Annuity</b>   |   |                               |
| Monthly to you<br>\$   | Monthly to survivor<br>\$                           |                               |
| This amount is the benefit you are entitled to receive based on the regular retirement formula. If you received a refund of Civil Service retirement deductions for service which ended before October 1, 1990, and have not made a redeposit of that money, the rates shown are actuarially reduced based on the amount you owe. If you performed non-deduction Civil Service Retirement System (CSRS) service on or after October 1, 1982, or Federal Employees Retirement System (FERS) non-deduction service prior to 1989 for which a deposit is owed, that service is not included.  |   |                               |
| <input type="checkbox"/> I elect to receive the regular annuity benefit. I understand that my election cannot be changed any later than 30 days after the date of my first regular annuity payment. I also understand that this annuity election precludes my eligibility to receive non-scheduled compensation from the Department of Labor, unless and until all annuity payments are reimbursed to the Office of Personnel Management (OPM).  |   |                               |
| Signature  | Date ( <i>mm/dd/yyyy</i> )                          |                               |
| <b>Option 1B - Regular Annuity If You Pay A Redeposit And/Or Deposit</b>   |   |                               |
| Amount due<br>\$   | <b>Annuity if payment is made</b>                   |                               |
|  | Monthly to you<br>\$                                | Monthly to survivor<br>\$     |
| The amount shown is the benefit you are entitled to receive based on the regular retirement formula, if you pay the amount due. Payment must be made in full now; installment payments will not be accepted.   |   |                               |
| <input type="checkbox"/> I elect to receive the regular annuity benefit and to pay the amount due. My payment for the full amount due, made payable to the U.S. Office of Personnel Management, is enclosed. I understand that my election cannot be changed any later than 30 days after the date of my first regular annuity payment. I also understand that this annuity election precludes my eligibility to receive non-scheduled compensation from the Department of Labor, unless and until all annuity payments are reimbursed to OPM.   |   |                               |
| Signature  | Date ( <i>mm/dd/yyyy</i> )                          |                               |
| <b>Option 2 - Alternative Annuity With Lump-Sum Payment</b>  |   |                               |
| Monthly to you<br>\$   | Monthly to survivor<br>\$                           | Lump-sum payment to you<br>\$ |
| If you elect the alternative annuity, you will receive the lump-sum payment equal to all your retirement contributions shown above and you will receive the monthly annuity indicated.   |   |                               |
| <input type="checkbox"/> I elect to receive the reduced alternative annuity and the lump-sum payment equal to my retirement contributions. I understand that my election cannot be changed any later than 30 days after the date of my first regular annuity payment. I also understand that this alternative annuity election precludes my eligibility to receive non-scheduled compensation from the Department of Labor, unless and until all annuity payments, including the lump-sum payment, are reimbursed to OPM. I certify that I do not have a former spouse entitled by court order to receive a portion of my annuity or a survivor annuity based on my service. |   |                               |
| <b>WARNING:</b> Any intentionally false or willfully misleading statement or response you provide in this election is a violation of the law punishable by a fine of not more than \$10,000 or imprisonment of no more than 5 years, or both. (18 U.S.C. 1001)   |   |                               |
| Signature  | Date ( <i>mm/dd/yyyy</i> )                          |                               |
| <b>If You Choose Option 2, You Must Have The Consent Of Your Spouse</b> (or the person you were married to on the date you separated for retirement). This means your spouse or former spouse must sign in the presence of a notary.   |   |                               |
| <input type="checkbox"/> I freely consent to this alternative annuity election (including the level of survivor benefits shown above).   |   |                               |
| Signature of current or former spouse  | Date ( <i>mm/dd/yyyy</i> )                          |                               |
| NOTARIZATION - <i>To be completed by notary public or other official authorized to administer oaths.</i><br>I certify that the person whose signature appears immediately above presented identification (or was known to me), gave consent to the specific election as executed by the retiree, signed or marked the form, and acknowledged that the consent was given freely in my presence.   |   | (Seal)                        |
| Signature  | Expiration date of commission ( <i>mm/dd/yyyy</i> ) | Date ( <i>mm/dd/yyyy</i> )    |