

Aviation Administration, 222 West 7th Avenue, Box 14, Anchorage, AK 99513-7587; telephone number (907) 271-5898; fax: (907) 271-2850; email: Bob.Durand@faa.gov. Internet address: <http://www.alaska.faa.gov/at> or at address <http://162.58.28.41/at>.

#### SUPPLEMENTARY INFORMATION:

##### Comments Invited

Interested parties are invited to participate in this proposed rulemaking by submitting such written data, views, or arguments as they may desire. Comments that provide the factual basis supporting the views and suggestions presented are particularly helpful in developing reasoned regulatory decisions on the proposal. Comments are specifically invited on the overall regulatory, aeronautical, economic, environmental, and energy-related aspects of the proposal.

Communications should identify the airspace docket number and be submitted in triplicate to the address listed above. Commenters wishing the FAA to acknowledge receipt of their comments on this action must submit with those comments a self-addressed, stamped postcard on which the following statement is made:

"Comments to Airspace Docket No. 99-AAL-22." The postcard will be date/time stamped and returned to the commenter. All communications received on or before the specified closing date for comments will be considered before taking action on the proposed rule. The proposal contained in this action may be changed in light of comments received. All comments submitted will be available for examination in the Operations Branch, Air Traffic Division, Federal Aviation Administration, 222 West 7th Avenue, Box 14, Anchorage, AK, both before and after the closing date for comments. A report summarizing each substantive public contact with FAA personnel concerned with this rulemaking will be filed in the docket.

##### Availability of Notice of Proposed Rulemaking's (NPRM's)

An electronic copy of this document may be downloaded, using a modem and suitable communications software, from the FAA regulations section of the Fedworld electronic bulletin board service (telephone: 703-321-3339) or the **Federal Register's** electronic bulletin board service (telephone: 202-512-1661).

Internet users may reach the Federal Register's web page for access to recently published rulemaking documents at <http://>

[www.access.gpo.gov/su\\_docs/aces/aces140.html](http://www.access.gpo.gov/su_docs/aces/aces140.html).

Any person may obtain a copy of this NPRM by submitting a request to the Operations Branch, AAL-530, Federal Aviation Administration, 222 West 7th Avenue, Box 14, Anchorage, AK 99513-7587. Communications must identify the docket number of this NPRM. Persons interested in being placed on a mailing list for future NPRM's should contact the individual(s) identified in the **FOR FURTHER INFORMATION CONTACT** section.

##### The Proposal

The FAA proposes to amend 14 CFR part 71 by establishing Class E airspace at Holy Cross, AK, due to the establishment of GPS instrument approach procedures to Runway 1 and Runway 19. The intended effect of this proposal is to provide controlled airspace for IFR operations at Holy Cross, AK.

The area would be depicted on aeronautical charts for pilot reference. The coordinates for this airspace docket are based on North American Datum 83. The Class E airspace areas designated as 700/1200 foot transition areas are published in paragraph 6005 in FAA Order 7400.9G, *Airspace Designations and Reporting Points*, dated September 1, 1999, and effective September 16, 1999, which is incorporated by reference in 14 CFR 71.1. The Class E airspace designations listed in this document would be published subsequently in the Order.

The FAA has determined that this proposed regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore—(1) Is not a "significant regulatory action" under Executive Order 12866; (2) Is not a "significant rule" under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) Does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. Since this is a routine matter that will only affect air traffic procedures and air navigation, it is certified that this rule, when promulgated, will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

##### List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

##### The Proposed Amendment

In consideration of the foregoing, the Federal Aviation Administration proposes to amend 14 CFR part 71 as follows:

#### **PART 71— DESIGNATION OF CLASS A, CLASS B, CLASS C, CLASS D, AND CLASS E AIRSPACE AREAS; AIRWAYS; ROUTES; AND REPORTING POINTS**

1. The authority citation for 14 CFR part 71 continues to read as follows:

**Authority:** 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959-1963 Comp., p. 389.

##### § 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of Federal Aviation Administration Order 7400.9G, *Airspace Designations and Reporting Points*, dated September 1, 1999, and effective September 16, 1999, is amended as follows:

\* \* \* \* \*

*Paragraph 6005 Class E airspace extending upward from 700 feet or more above the surface of the earth.*

\* \* \* \* \*

##### **AAL AK E5 Holy Cross, AK [New]**

Holy Cross Airport

(Lat. 62° 11' 18" N., long. 159° 46' 30" W.)

That airspace extending upward from 700 feet above the surface within 6.3-mile radius of the Holy Cross Airport and that airspace extending upward from 1,200 feet above the surface within a 24-mile radius of the Holy Cross Airport; excluding that airspace within the Anvik Class E airspace area.

\* \* \* \* \*

Issued in Anchorage, AK, on December 2, 1999.

**Trent S. Cummings,**

*Assistant Manager, Air Traffic Division, Alaskan Region.*

[FR Doc. 99-32106 Filed 12-10-99; 8:45 am]

**BILLING CODE 4910-13-U**

## DEPARTMENT OF THE TREASURY

### 31 CFR Part 28

#### **Federal Benefit Payments Under Certain District of Columbia Retirement Plans**

**AGENCY:** Department of the Treasury, Departmental Offices.

**ACTION:** Proposed rule.

**SUMMARY:** The Department of the Treasury, Departmental Offices, is issuing proposed regulations to implement the provisions of the Balanced Budget Act of 1997, as amended (Act). The Act assigns the

Secretary of the Treasury responsibility for payment of benefits under the District of Columbia (District) retirement plans for police and firefighters, and teachers for benefits based on credit for service accrued as of June 30, 1997, and under the District retirement plan for judges. The proposed regulations would establish the general rules for the Department of the Treasury's administration of its program responsibilities and the methodology for determining the amount of Federal Benefit Payments.

**DATES:** Comments must be received on or before February 11, 2000.

**ADDRESSES:** Send comments to Ronald A. Glaser, Director, Office of Personnel Policy, Department of the Treasury, Annex Building, Room 4161, Pennsylvania Avenue and Madison Place, NW, Washington, DC 20220. Comments may also be submitted by electronic mail to [dcpensions@do.treas.gov](mailto:dcpensions@do.treas.gov).

**FOR FURTHER INFORMATION CONTACT:**

Harold L. Siegelman, (202) 622-1540, Department of the Treasury, Annex Building, Room 4005, Pennsylvania Avenue and Madison Place, NW, Washington, DC 20220.

**SUPPLEMENTARY INFORMATION:** Title XI of the Balanced Budget Act of 1997, Pub. L. 105-33, 111 Stat. 251, 712-731, 756-759, enacted August 5, 1997, as amended by the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999, Pub. L. 105-277, 112 Stat. 2681, 2681-530 through 538, 2681-552, transferred certain unfunded pension liabilities from the District of Columbia government to the Federal Government. The Act requires the Federal Government to assume responsibility for payment of certain benefits that accrued on or before June 30, 1997, under the retirement plans for District of Columbia teachers (Teachers Plan), police and firefighters (Police and Firefighters Plan), and for past and future benefits under the retirement plan for judges (Judges Plan). The Act also required the District of Columbia government to establish replacement retirement plans that will provide retirement benefits for service after June 30, 1997, for current and future teachers, police, and firefighters.

### 1. Federal Government's Responsibilities

The Department of the Treasury has determined that its function, with respect to the payment of benefits under District retirement plans, is to calculate and fund the gross amount of Federal Benefit Payments. The Department will

not allocate amounts attributable to withholdings and disbursements from individual gross benefit amounts for Federal and other taxes, health and life insurance premiums and other purposes between the Federal Benefit Payment and amounts payable under a District replacement plan. The Department will provide oversight of continuing deductions to assure proper withholdings and disbursements. It will not compute a gross-to-net spread for each Federal Benefit Payment. To do otherwise would produce an accounting anomaly that is inefficient and expensive.

Approximately 13,000 people were on the annuity rolls of the Police and Firefighters Plan and the Teachers Plan at the time the Department of the Treasury assumed liability for payments under these plans (June 30, 1997). In each of these cases, the total annuity payable is a Federal Benefit Payment. Subsequent retirements (*i.e.*, during the interim administration period under section 11041 of the Balanced Budget Act of 1997, as amended) have to date produced about 1300 additional cases for which nearly all of each total benefit will be a Federal Benefit Payment.

The Department of the Treasury does not plan to review the accuracy of the annuity computation made initially by the District of Columbia in each of the initial 13,000 cases for which the entire benefit is a Federal Benefit Payment. If the Department examines any of the cases because of a future event, such as an administrative or other review, and in that examination discovers an error, it will take appropriate steps to correct the error. Procedures for such correction will be established in a later issuance, as will procedures for collection and waiver of overpayments. In each of the cases in which the employee retired after June 30, 1997, the Department has determined that it must determine the amount of Federal Benefit Payments.

### 2. Proposed Regulations

The Department of the Treasury is issuing proposed regulations necessary for the administration of Federal Benefit Payments under the Balanced Budget of 1997, as amended. The Department plans future issuances relating to specific aspects of the program, such as financial management issues. Subpart A contains provisions that are applicable throughout the regulations.

Section 28.102 provides information on related regulations affecting recipients' Federal Benefit Payments. This is a reference tool for readers. Paragraph (a) lists the subparts that make up this part to help readers narrow their search for specific

information. Paragraphs (b) through (e) provide cross references to the regulations applicable to related programs not administered by the Department of the Treasury.

Section 28.103 defines terms for use throughout the part. This establishes uniform definitions for frequently used terms that will appear in multiple subparts.

Section 28.104 establishes a uniform payment schedule for Federal Benefit Payments. Federal Benefit Payments are payable on the first business day of the month after they accrue. This rule is statutory for the Police and Firefighters Plan under section 4-629(a) of the D.C. Code (1997). It is consistent with current practice of the Teachers Plan and the Judges Plan. It also conforms to the statutory rule established for other Federal retirement plans, such as the Civil Service Retirement System under section 8345(a) of title 5, United States Code, and the Federal Employees Retirement System under section 8463 of title 5, United States Code.

Section 28.105 establishes general rules for computing periods of time throughout the part. Paragraph (a) establishes the rule applicable to filing documents. We have adopted the regulatory language for filings under the Civil Service Retirement System under section 831.107 of Title 5, Code of Federal Regulations, and the Federal Employees Retirement System under section 841.109 of Title 5, Code of Federal Regulations.

Paragraph (b) establishes the methodology for computing benefit accruals. The methodology is adopted from section 831.701(f) of Title 5, Code of Federal Regulations, applicable to the Civil Service Retirement System, and is consistent with the past practices of the Plans.

Paragraph (c) establishes the methodology for counting the amount of service credit attributable to unused sick leave creditable in retirement computations under the Police and Firefighters Plan and the Teachers Plan. Since firefighters work a 42-hour workweek, their sick leave usage is based on a non-8-hour schedule. See examples 2 and 3B in appendix A to subpart C of the proposed regulations. Judges are not under a formal leave system and do not receive sick leave credit. Current practice under each plan is continued.

Paragraph (d) states the statutory rules for the amount of leave without pay that is creditable toward retirement. Up to 6 months credit is permitted in a year in each plan, but the plans differ in the measurement of a year. The Police and Firefighters Plan uses calendar years,

but the Teachers Plan uses fiscal years. Paragraph (d)(2)(ii) addresses a one-time problem created when the starting date of the fiscal years was changed in 1976 from July 1 to October 1.

Section 28.106 authorizes payment of Federal Benefit Payments to representative payees to the same extent that the District government had been authorized to make similar payments under each plan. For example, section 4-629(b) of the D.C. Code (1997) authorizes such payments for benefits under the Police and Firefighters Plan for benefit "due a minor, or an individual mentally incompetent or other legal disability." The regulation is intended to clarify that the representative payee rules and procedures under each plan are not changed as a result of the benefit changing from a District payment to a Federal Benefit Payment.

At this time, the Department of the Treasury is proposing to issue subpart B solely to designate the District government's agent for receipt of legal process (court and administrative documents that may affect payments) as the Department's agent for receipt of legal process affecting Federal Benefit Payments in three specific situations. For service of garnishment orders for alimony or child support under part 581 of Title 5, Code of Federal Regulations, legal process affecting Federal Benefit Payments under these regulations should be served on the agent listed in appendix A to part 581 for the District of Columbia, not the agent for the Department of the Treasury, Departmental Offices. For service of domestic relations orders or similar court orders that award a portion of Federal Benefit Payments under these regulations (including survivor annuity awards), service should be made upon the District government's agent for the appropriate plan. Documents served must include any documentation required by the plan. Similarly, to request a representative payee for Federal Benefit Payments of payees who are incompetent or under a legal disability, application or legal process should be served upon the District government's agent for the Judges Plan, the Police and Firefighters Plan, or the Teachers Plan, as appropriate. In all other situations, that is, litigation arising under Title XI, subtitle A, chapter 8 of the Balanced Budget Act, as amended, service of process affecting Federal Benefit Payments must be made upon the United States and the Department of the Treasury in the usual manner for litigation originating in the United States District Court for the District of Columbia.

The Department of the Treasury is proposing to issue subpart C to address the issues arising under section 11012(a) and (b) of the Balanced Budget Act of 1997, as amended, under which each Federal Benefit Payment will be "in such amount and under such terms and conditions as may apply under [the retirement program applicable to the employee on June 29, 1997]," but without credit for service performed after June 30, 1997. The statute creates a situation in which some retirees under the Police and Firefighters Retirement Plan and the Teachers Retirement Plan will receive Federal Benefit Payments as a portion of their total retirement benefit as well as additional payments from the District of Columbia for their service after June 30, 1997. Benefits partially paid by the Department of the Treasury and partially paid by the District of Columbia are designated as "split benefits." Subpart C describes how the Department of the Treasury determines Federal Benefit Payments, that is, the proportionate share of liability that the law requires the Federal Government to assume in order to defray costs for an individual benefit.

Subpart C also covers the Federal payment for disability benefits and for certain death benefits as provided under section 11012(c) and (d) of the Act and certain other special service credit situations not addressed in the Act. These special situations include: Federal Benefit Payments for early voluntary retirement; credit for sick leave; military service; service for which a deposit or redeposit must be paid in order for the service to be creditable under the provisions of the retirement plan; the method for applying cost-of-living adjustments to Federal Benefit Payments; and the method for applying reductions for survivor benefits to Federal Benefit Payments.

To these ends, the proposed regulations establish three general principles that are applied to determine the amount of service creditable for Federal Benefit Payments. These general rules are stated in sections 28.311 through 28.313 of the proposed regulations. The remainder of subpart C illustrates the application of the general principles to a variety of issues that affect the computation of Federal Benefit Payments.

Principle 1 addresses service performed after June 30, 1997. Such service is never credited toward Federal Benefit Payments. As a general rule, the amount of Federal Benefit Payments is computed based on retirement eligibility and average pay as of the separation date, and service creditable as of June 30, 1997. This follows

directly from section 11012(a) and (b) of the Balanced Budget Act of 1997, as amended. Section 11012 (a) defines a "Federal Benefit Payment" as "any benefit payment to which an individual is entitled under a District Retirement Plan in such amount and under such terms and conditions as may apply under the Program." In general, the Balanced Budget Act, as amended, assigns the Federal Government responsibility for paying the proportionate amount of a total benefit that is based on service accrued through the freeze date, which the law states is June 30, 1997. Further, section 11012 (b) expressly excludes service after the freeze date for purposes of determining Federal Benefit Payments. Accordingly, the Federal Government is responsible for paying benefits based on both the service credit earned up to and including the freeze date, and average pay provisions of the plans, and is not authorized to pay for service that is credited after June 30, 1997.

This general principle must be applied to individual service histories in order to determine the amount of Federal Benefit Payments. If a participant's total entitlement is based on service credited prior to July 1, 1997, the total benefit payment for that individual is the responsibility of the Federal Government. If a participant's entitlement is based on service through the June 30, 1997, freeze date and later, only that portion of the benefit that is calculated using service credited through June 30, 1997, will be paid by the Federal Government. In the case of a participant whose total benefit is based on service that is credited after June 30, 1997, no amount of the benefit is payable by the Federal Government.

In addition, length of service for a Federal Benefit Payment is calculated using whole 30-day months and dropping odd days as provided in section 28.105(b) of these regulations. This has been a standard practice in annuity calculations performed by the District of Columbia government. The Department of the Treasury proposes to continue that practice in the computation of Federal Benefit Payments.

Principle 2 addresses how the Department of the Treasury determines whether any particular period of service is creditable as of June 30, 1997. Service is counted toward Federal Benefit Payments (that is, as occurring as of June 30, 1997) only if all requirements for the service to be creditable are satisfied as of June 30, 1997. In determining whether service occurred after June 30, 1997, and thus is excluded from the computation of Federal Benefit

Payments, the controlling factor is whether all requirements for the service to be creditable were satisfied as of June 30, 1997. If any requirement was not satisfied as of June 30, 1997, the service is not used in the computation of the employee's Federal Benefit Payment. Service does not become creditable service until all of the statutory requirements for it to become creditable are satisfied. This principle resolves several questionable situations in a manner consistent with the Memorandums of Understanding Concerning Interim Administration of Retirement Programs dated September 29, 1997, and April 2, 1999, between the Department of the Treasury and the District of Columbia.

Section 28.332 of these proposed regulations addresses application of this principle to determine the extent that credit for sick leave may be allowed in computing Federal Benefit Payments. Unused sick leave is not creditable for any retirement purpose until the employee separates from service. Consequently, though sick leave may have been accrued prior to the freeze date, unless the participant also separated prior to that date, the accrued sick leave cannot be included in a Federal Benefit Payment. Thus, in cases of retirements through June 30, 1997, creditable sick leave is calculated in Federal Benefit Payments. However, for retirements after June 30, 1997, sick leave will not be included in Federal Benefit Payments, even though a portion of it may have been earned before that date.

Section 28.333 of these proposed regulations addresses application of this principle to determine the extent that credit for military service may be allowed in computing Federal Benefit Payments. Prior military service generally becomes creditable at the time of entry on duty in a covered position. Accordingly, for persons whose entry on duty occurred prior to June 30, 1997, and whose military service was performed prior to that date, credit for military service is included in Federal Benefit Payments. For persons whose entry on duty occurs after June 30, 1997, military service is not creditable toward Federal Benefit Payments, even if performed before June 30, 1997. Finally, for persons whose entry on duty occurred prior to June 30, 1997, but whose military service is performed after that date, credit for the military service is not included in Federal Benefit Payments.

Section 28.334 of these proposed regulations addresses application of this principle to determine the extent that credit for deposit and refunded service

may be allowed in computing Federal Benefit Payments. Under the retirement plans, in order to receive credit at the time of retirement, a period of service for which no contributions were paid (deposit service) or a period of service for which contributions were paid, but later refunded, must be fully paid or repaid, with interest. Consequently, Federal Benefit Payments will include credit for any period of deposit or refunded service performed and paid (or repaid), and thus credited, as of June 30, 1997. However, no Federal Benefit Payment will be made for a period of deposit or refunded service that is not paid as of June 30, 1997, even though it may have been performed as of that date.

Service paid by installment payments is not creditable under the plans until the full amount of interest and principal has been paid. Thus, service paid by installment payments is not considered to be creditable for purposes of Federal Benefit Payments until the entire amount of principal and interest has been paid. Accordingly, if payment in a series of installments has not been completed as of the freeze date, no Federal Benefit Payment may be paid for the service, even though it may have been performed before the freeze date.

Paragraph (b) implements the requirement under section 4-607(15) of the D.C. Code (1997) that "governmental service" for the Police and Firefighter Plan includes only United States Government and certain other service "for which retirement deductions, other than social security deductions, were made." This provision does not preclude credit for periods of service that should have been subject to retirement deductions, but for which due to agency error deductions were not withheld. If the service is in a position covered by the Civil Service Retirement System, the Federal Employees Retirement System, or another contributory retirement system (other than social security) for employees of the United States Government, Gallaudet College or the municipal government of the District of Columbia, the service may be credited as governmental service. However, service that is excluded from coverage under such systems, such as service under a temporary appointment, which is excluded from coverage under Civil Service Retirement System or the Federal Employees Retirement System, does not qualify as governmental service upon payment of a deposit.

Principle 3 provides that the separation date is controlling for issues other than the amount of service credit allowable, such as commencing date of

Federal Benefit Payments based on eligibility for immediate or deferred annuity and the average salary to be used in the computation. The proposed regulations at sections 28.341 and following provide the methodology for computing the amount of Federal Benefit Payments based on retirement eligibility as of the separation date and service creditable as of June 30, 1997.

Section 28.341 states the general rule for the calculation of Federal Benefit Payments. Two special statutory exceptions apply. One exception is disability retirements after June 30, 1997, as discussed, *infra*, in connection with section 28.342. The other exception is for certain death benefits based on deaths after June 30, 1997. The statutory rule for these benefits is discussed, *infra*, in connection with section 28.343. In all other cases in which some service becomes creditable on or before June 30, 1997, and some service becomes creditable after June 30, 1997, Federal Benefit Payments are computed under the rules of the applicable plan as though: (1) The employee were eligible to retire as of June 30, 1997, under the same conditions as the actual retirement (that is, using the annuity computation formula that applies under the plan in effect on June 29, 1997, and the actual retirement age, including any applicable age reduction, based on the age at actual retirement); (2) The service that became creditable after June 30, 1997, did not exist; and (3) The average salary is the average salary at separation.

Section 28.342 states the special rule applicable to the computation of Federal Benefit Payments if the employee retires for disability. Section 11012(c) of the Balanced Budget Act of 1997, as amended, mandates a special rule for benefits paid as the result of a determination of disability made after the freeze date. In such cases, the law provides that Federal Benefit Payments are in the amount equal to the deferred retirement benefit, or the optional retirement benefit the individual would receive if he or she left service on the day before commencement of the disability retirement. When an individual is eligible for optional retirement at the time of separation, Federal Benefit Payments are payable immediately and are calculated based on the general rule discussed above. That is, Federal Benefit Payments consist of the service credited under the plan rules as of June 30, 1997, and average pay at the time of separation on retirement. However, if the individual is not eligible for optional retirement at the time of separation for disability retirement, Federal Benefit Payments

become payable only when the individual reaches the age at which he or she would be eligible for a deferred benefit. Then, Federal Benefit Payments are calculated as if the individual retired on a deferred annuity, with service credited through June 30, 1997, and the average pay at the time of separation for retirement.

Section 28.343 states the special rule applicable to computing Federal Benefit Payments for certain death benefits. Section 11012(d) of the Balanced Budget Act, as amended, contains a special rule regarding death benefits for survivors, when the benefits are not paid based on length of service. The special rule provides a formula for computing Federal Benefit Payments as a *pro rata* amount of the total benefits. In such cases, Federal Benefit Payments are equal to the number of months of the employees' (or former employees') service through the freeze date, divided by the total number of months of service. To determine the dollar amount of the Federal Benefit Payment in any case, multiply the fraction described in the previous sentence by the total benefit to which the survivor is entitled. This proration formula applies to lump-sum benefits as well as survivor annuities based on a guaranteed minimum rate or a base designated at retirement.

Section 28.344 establishes that cost-of-living increases are applied directly to Federal Benefit Payments, rather than computed on the total benefit and then prorated. Example 14 in appendix A to subpart C illustrates this calculation.

Section 28.345 establishes the methodology for applying reductions to provide survivor annuities to Federal Benefit Payments. 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. This is illustrated in example 10 in appendix A to subpart C.

The only practical alternative to the proposed approach in sections 28.344 and 28.345 would be to calculate the total benefit and then prorate it. However, proration is not an acceptable option. The examples formulated during the drafting of the statute clearly show that independent application of each plan's benefits calculation formula as of June 30, 1997, rather than proration, was intended.

The examples in appendix A to subpart C illustrate the methodology application in a few additional situations that are not separately

addressed in the regulatory text. In each of these situations the three general principles control the outcome.

Example 11 illustrates the special Federal Benefit Payments calculation when an individual retires early based on an involuntary separation from service, or retires early based on an administrative decision by the District of Columbia to permit early retirement. In the case of an involuntary separation as the result of which an individual would be eligible for benefit payments under his or her retirement plan, Federal Benefit Payments are calculated as if the individual had retired on optional retirement on the date of separation. However, when an individual retires early based on an administrative decision by the District of Columbia to permit early voluntary retirement, no Federal Benefit Payments are payable until the individual reaches eligibility for a deferred benefit. Thus, an early voluntary retirement is treated similarly to a disability retirement that occurs prior to eligibility for regular optional retirement because the District's administrative determination creates eligibility for a voluntary retirement.

Both situations also are treated differently with respect to reduction of benefits for age. In cases of involuntary retirement, the age reduction formula prescribed by the retirement plan (if applicable) is applied to Federal Benefit Payments. However, in cases of early voluntary retirement, no age reduction is applied to Federal Benefit Payments because they are calculated under the plans' deferred benefit provisions.

#### **E.O. 12866, Regulatory Review**

Because this proposed rule is not a significant regulatory action for purposes E.O. 12866 a regulatory assessment is not required.

#### **Regulatory Flexibility Act**

It is hereby certified that this regulation will not have a significant economic impact on a substantial number of small entities. The regulation will only affect the determination of the Federal portion of retirement benefits to certain former employees of the District of Columbia. Accordingly, a regulatory flexibility analysis is not required by the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*).

#### **List of Subjects in 31 CFR Part 28**

Administrative practice and procedure, Claims, Disability benefits, Firefighters, Government employees, Intergovernmental relations, Law enforcement officers, Pensions, Retirement.

Department of the Treasury.

**Nancy Killefer,**

*Assistant Secretary of the Treasury.*

Accordingly, the Department of the Treasury, is amending Title 31 of the Code of Federal Regulations to add part 28 to read as follows:

### **PART 28—FEDERAL BENEFIT PAYMENTS UNDER CERTAIN DISTRICT RETIREMENT PROGRAMS**

#### **Subpart A—General Provisions**

Sec.

- 28.101 Purpose and scope.
- 28.102 Related regulations.
- 28.103 Definitions.
- 28.104 Schedule for Federal Benefit Payments.
- 28.105 Computation of time.
- 28.106 Representative payees.

#### **Subpart B—Coordination With the District Government**

- 28.201 Purpose and scope.
- 28.202 Definitions. [Reserved]
- 28.203 Service of Process.

#### **Subpart C—Split Benefits**

- 28.301 Purpose and scope.
- 28.302 Definitions.

#### **General Principles for Determining Service Credit To Calculate Federal Benefit Payments**

- 28.311 Credit only for service performed on or before June 30, 1997.
- 28.312 All requirements for credit must be satisfied by June 30, 1997.
- 28.313 Federal Benefit Payments are computed based on retirement eligibility as of the separation date and service creditable as of June 30, 1997.

#### **Service Performed After June 30, 1997**

- 28.321 General principle.
- 28.322 Disability benefits.

#### **All Requirements for Credit Must Be Satisfied by June 30, 1997**

- 28.331 General principle.
- 28.332 Unused sick leave.
- 28.333 Military service.
- 28.334 Deposit service.
- 28.335 Refunded service.

#### **Calculation of the Amount of Federal Benefit Payments**

- 28.341 General principle.
- 28.342 Computed annuity exceeds the statutory maximum.
- 28.343 Disability benefits.
- 28.344 Survivor benefits.
- 28.345 Cost-of-living adjustments.
- 28.346 Reduction for survivor benefits.

#### **Appendix A to Subpart C—Examples**

**Authority:** Sections 11083 and 11251(a) of Pub. L. 105-33, 111 Stat. 730 and 756, as amended by Pub. L. 105-277, 112 Stat. 2681-530 through 538.

**Subpart A—General Provisions****§ 28.101 Purpose and scope.**

(a) This part contains the Department's regulations implementing Title XI of the Balanced Budget Act of 1997, Pub. L. 105-33, 111 Stat. 251, enacted August 5, 1997, as amended.

(b) This subpart contains general information to assist in the use of this part including—

(1) Information about related regulations,

(2) Definitions of terms used in more than one subpart of this part, and

(3) The Department's general rules and procedures, which usually apply to all three plans, that concern to the general administration of Federal Benefit Payments (other than claims processing, debt collection, and financial management).

(c) This part applies to all Federal Benefit Payments made on or after October 1, 1997.

**§ 28.102 Related regulations.**

(a) This part contains the following subparts:

(1) General Provisions (Subpart A);  
(2) Coordination With the District Government (Subpart B); and  
(3) Split Benefits (Subpart C).

(b) Part 581 of Title 5, Code of Federal Regulations, contains information about garnishment of certain Federal payments to enforce awards of alimony or child support.

(c) Part 831 of Title 5, Code of Federal Regulations, contains information about benefits under the Civil Service Retirement System.

(d) Part 870 of Title 5, Code of Federal Regulations, contains information about benefits under the Federal Employees Group Life Insurance Program.

(e) Part 890 of Title 5, Code of Federal Regulations, contains information about benefits under the Federal Employees Health Benefits Program.

**§ 28.103 Definitions.**

(a) In this part—

*District government* means the government of the District of Columbia.

*Department* means the United States Department of the Treasury.

*Federal Benefit Payment* means a payment for which the Department is responsible under Title XI of the Balanced Budget Act of 1997 (Pub. L. 105-33, 111 Stat. 251), as amended, to which an individual is entitled under the Judges Plan, Police and Firefighters Plan, or the Teachers Plan, in such amount and under such terms and conditions as may apply under such plan.

*Judges Plan* means the retirement program (under subchapter III of chapter

15 of title 11 of the D.C. Code) for judges of the District of Columbia Court of Appeals or Superior Court or with prior judicial service with the former Juvenile Court of the District of Columbia, District of Columbia Tax Court, police court, municipal court, Municipal Court of Appeals, or District of Columbia Court of General Sessions.

*OPM* means the United States Office of Personnel Management.

*Police and Firefighters Plan* means any of the retirement programs (under chapter 6 of title 4 of the D.C. Code) for members of the Metropolitan Police Force and Fire Department in effect on June 29, 1997.

*Secretary* means the Secretary of the United States Department of the Treasury or his or her designee.

*Teachers Plan* means any of the retirement programs for teachers (under chapter 12 of title 31 of the D.C. Code) in effect on June 29, 1997.

(b) In this subpart—

*Legal process* means—

(1) Any document that qualifies as legal process as defined in § 581.103 of Title 5, Code of Federal Regulations, or

(2) Any court order that Federal or District of Columbia law permits to cause all or any portion of a payment under the Judges Plan, the Police and Firefighters Plan, or the Teachers Plan to be made to a former spouse under chapter 30 of title 1 of the D.C. Code (1997).

*Representative payee* means a fiduciary to whom a payment under the Judges Plan, the Police and Firefighters Plan, or the Teachers Plan is made for the benefit of a plan participant or a survivor.

**§ 28.104 Schedule for Federal Benefit Payments.**

Federal Benefit Payments are payable on the first business day of the month following the month in which the benefit accrues. (See § 28.105(b).)

**§ 28.105 Computation of time.**

(a) *For filing documents.* In computing the number of days allowed for filing a document, the first day counted is the day after the action or event from which the period begins to run. If the date that ordinarily would be the last day for filing falls on a Saturday, a Sunday or a Federal holiday, the period runs until the end of the next day that is not a Saturday, a Sunday or a Federal holiday.

(b) *For benefit accrual.* (1) Annuity accrues on a daily basis; one-thirtieth of the monthly rate constitutes the daily rate.

(2) Annuity does not accrue on the 31st day of any month except that

annuity accrues on the 31st day of the initial month if the employee's annuity commences on the 31st day of a 31-day month.

(3) For accrual purposes the last day of a 28-day month counts as 3 days and the last day of a 29-day month counts as 2 days.

(c) *For counting unused sick leave.* (1) For annuity computation purposes, the service of a participant under the Police and Firefighters Plan or the Teachers Plan who retires on an immediate annuity or dies leaving a survivor entitled to an annuity is increased by the number of days of unused sick leave to the participant's credit under a formal leave system.

(2) In general, 8 hours of unused sick leave increases total service by 1 day. In cases where more or less than 8 hours of sick leave would be charged for a day's absence, total service is increased by the number of days in the period between the date of separation and the date that the unused sick leave would have expired had the employee used it (except that holidays falling within the period are treated as work days, and no additional leave credit is earned for that period).

(3) If an employee's tour of duty changes from part time to full time or full time to part time within 180 days before retirement, the credit for unused sick leave is computed as though no change had occurred.

(d) *For counting leave without pay (LWOP) that is creditable service.* (1) Under the Police and Firefighters Plan, credit is allowed for no more than 6 months of LWOP in each calendar year.

(2)(i) Under the Teachers Plan credit is allowed for no more than 6 months of LWOP in each fiscal year.

(ii)(A) For years prior to fiscal year 1976, each fiscal year started on July 1 and ended on the following June 30.

(B) Fiscal year 1976 started on July 1, 1975 and ended on September 30, 1976.

(C) For years starting in fiscal year 1977, each fiscal year starts on October 1 and ends on the following September 30.

**§ 28.106 Representative payees.**

For Federal Benefit Payments, representative payees will be authorized to the same extent and under the same circumstances as each plan permits for non-Federal Benefit Payments under the plan. (See e.g., section 4-629(b) of the D.C. Code (1997).)

**Subpart B—Coordination With the District Government****§ 28.201 Purpose and scope.**

This subpart contains information concerning the relationship between the

Department and the District government in the administration of Title XI of the Balanced Budget Act of 1997, as amended, and the functions of each in the administration of that Act.

**§ 28.202 Definitions. [Reserved]**

**§ 28.203 Service of Process.**

To affect Federal Benefits Payments—

(a) Service of legal process under part 581 of Title 5, Code of Federal Regulations, must be made upon the District Government under appendix A to part 581 of Title 5, Code of Federal Regulations.

(b) Any qualifying court order under chapter 30 of title 1 of the D.C. Code (1997) must be served on the District Government in accordance with the rules of the plan.

(c) Any request for or notice of appointment of a custodian, guardian, or other fiduciary to receive Federal Benefits Payments as representative payees under § 28.106 must be served on the District government in accordance with the rules of the plan.

**Subpart C—Split Benefits**

**§ 28.301 Purpose and scope.**

(a) The purpose of this subpart is to address the policy issues that affect the calculation of the Federal and District of Columbia portions of benefits under subtitle A of Title XI of the Balanced Budget Act of 1977, Pub. L. 105-33, 111 Stat. 251, 712-731, enacted August 5, 1997, as amended.

(1) This subpart states general principles for the calculation of Federal Benefit Payments in cases in which the Department and the District government are both responsible for paying a portion of the employees' total retirement benefits under the Police and Firefighters Plan or the Teachers Plan.

(2) This subpart provides illustrative examples of sample computations to show the application of the general principles to specific problems.

(b)(1) This subpart applies only to benefits under the Police and Firefighters Plan or the Teachers Plan for individuals who have performed service creditable under these programs prior to July 1, 1997.

(2) This subpart addresses only those issues that affect the split of fiscal responsibility for retirement benefits (that is, the calculation of Federal Benefit Payments).

(3) Issues relating to determination and review of eligibility and payments, and financial management, are beyond the scope of this subpart.

**§ 28.302 Definitions.**

In this subpart (including appendix A)—

*Deferred retirement* means retirement under section 4-623 of the D.C. Code (1997) (under the Police and Firefighters Plan) or section 31-1231(a) of the D.C. Code (1997) (under the Teachers Plan).

*Deferred retirement age* means the age at which a deferred annuity begins to accrue, that is, age 55 under the Police and Firefighters Plan and age 62 under the Teachers Plan.

*Department service or departmental service* means any period of employment in a position covered by the Police and Firefighters Plan or Teachers Plan. *Department service* or *departmental service* may include certain periods of military service that interrupt a period of employment under the Police and Firefighters Plan or the Teachers Plan.

*Disability retirement* means retirement under section 4-615 or section 4-616 of the D.C. Code (1997) (under the Police and Firefighters Plan) or section 31-1204 of the D.C. Code (1997) (under the Teachers Plan), regardless of whether the disability was incurred in the line of duty.

*Enter on duty* means commencement of employment in a position covered by the Police and Firefighters Plan or the Teachers Plan.

*Excess leave without pay or excess LWOP* means periods of time in a non-pay status that in any year is greater than the amount creditable as service under § 28.105(d).

*Hire date* means the date the employee entered on duty.

*Military service* means—

(a) For the Police and Firefighters Plan, military service as defined in section 4-607 of the D.C. Code (1997) that is creditable as other service under section 4-602 or section 4-610 of the D.C. Code (1997); and

(b) For the Teachers Plan, military service as described in section 31-1230(a)(4) of the D.C. Code (1997) for which any required deposit has been paid as of June 30, 1997.

*Optional retirement* means regular longevity retirement under section 4-618 of the D.C. Code (1997) (under the Police and Firefighters Plan) or section 31-1224(a) of the D.C. Code (1997) (under the Teachers Plan).

*Other service* means any period of creditable service other than departmental service or unused sick leave. *Other service* includes service that becomes creditable upon payment of a deposit, such as service in another school system under the Teachers Plan (under 31-1208 of the D.C. Code (1997)); and service that is creditable

without payment of a deposit, such as military service occurring prior to employment under the Police and Firefighters Plan.

*Pre-80 hire* means an individual whose annuity is computed using the formula under the Police and Firefighters Plan applicable to individuals hired before February 15, 1980.

*Pre-96 hire* means an individual whose annuity is computed using the formula under the Teachers Plan applicable to individuals hired before November 10, 1996.

*Sick leave* means unused sick leave, which is creditable in a retirement computation, as calculated under § 28.105(c).

**General Principles for Determining Service Credit To Calculate Federal Benefit Payments**

**§ 28.311 Credit only for service performed on or before June 30, 1997.**

Only service performed on or before June 30, 1997, is credited toward Federal Benefit Payments.

**§ 28.312 All requirements for credit must be satisfied by June 30, 1997.**

Service is counted toward Federal Benefit Payments only if all requirements for the service to be creditable are satisfied as of June 30, 1997.

**§ 28.313 Federal Benefit Payments are computed based on retirement eligibility as of the separation date and service creditable as of June 30, 1997.**

Except as otherwise provided in this subpart, the amount of Federal Benefit Payments is computed based on retirement eligibility as of the separation date and service creditable as of June 30, 1997.

**Service Performed After June 30, 1997**

**§ 28.321 General principle.**

Any service performed after June 30, 1997, may never be credited toward Federal Benefit Payments.

**§ 28.322 Disability benefits.**

If an employee separates for disability retirement after June 30, 1997, and, on the date of separation, the employee—

(a) Satisfies the age and service requirements for optional retirement, the Federal Benefit Payment commences immediately. The Federal Benefit Payment is calculated as though the employee retired under optional retirement rules using only service through June 30, 1997. (See examples 7A and 7B of appendix A of this subpart).

(b) Does not satisfy the age and service requirements for optional



retirement, the Federal Benefit Payment begins when the disability retiree reaches deferred retirement age. (See § 28.342.)

#### All Requirements for Credit Must Be Satisfied by June 30, 1997

##### § 28.331 General principle.

To determine whether service is creditable for the computation of Federal Benefit Payments under this subpart, the controlling factor is whether all requirements for the service to be creditable under the Police and Firefighters Plan or the Teachers Plan were satisfied as of June 30, 1997.

##### § 28.332 Unused sick leave.

(a) For employees separated for retirement as of June 30, 1997, Federal Benefit Payments include credit for any unused sick leave that is creditable under the applicable plan.

(b) For employees separated for retirement after June 30, 1997, no unused sick leave is creditable toward Federal Benefit Payments.

##### § 28.333 Military service.

(a) For employees who entered on duty on or before June 30, 1997, and whose military service was performed prior to that date, credit for military service is included in Federal Benefit Payments under the terms and conditions applicable to each plan.

(b) For employees who enter on duty after June 30, 1997, military service is not creditable toward Federal Benefit Payments, even if performed as of June 30, 1997.

(c) For employees who entered on duty on or before June 30, 1997, but who perform military service after that date, the credit for military service is not included in Federal Benefit Payments.

##### § 28.334 Deposit service.

(a) *Teachers Plan.* (1) Periods of civilian service that were not subject to retirement deductions at the time they were performed are creditable for Federal Benefit Payments under the Teachers Plan if the deposit for the service was paid in full to the Teachers Plan as of June 30, 1997.

(2) No credit is allowed for Federal Benefit Payments under the Teachers Plan for any period of civilian service that was not subject to retirement deductions at the time it was performed if the deposit for the service is not paid in full as of June 30, 1997.

(b) *Police and Firefighters Plan.* No credit is allowed for Federal Benefit Payments under the Police and Firefighters Plan for any period of civilian service that was not subject to

retirement deductions at the time that the service was performed. (See definition of "governmental service" at D.C. Code § 4-607(15) (1997).)

##### § 28.335 Refunded service.

(a) Periods of civilian service that were subject to retirement deductions but for which the deductions were refunded to the employee are creditable for Federal Benefit Payments if the redeposit for the service was paid in full to the District government as of June 30, 1997.

(b) No credit is allowed for Federal Benefit Payments for any period of civilian service that was subject to retirement deductions but for which the deductions were refunded to the employee if the redeposit for the service was not paid in full to the District government as of June 30, 1997.

#### Calculation of The Amount of Federal Benefit Payments

##### § 28.341 General principle.

Except for disability retirements after June 30, 1997, and certain death benefits based on deaths after June 30, 1997, for cases in which some service becomes creditable on or before June 30, 1997, and some service becomes creditable after June 30, 1997, Federal Benefit Payments are computed under the rules of the applicable plan as though—

(a) The employee were eligible to retire effective July 1, 1997, under the same conditions as the actual retirement (that is, using the annuity computation formula that applies under the plan in effect on June 29, 1997, and the actual retirement age, including any applicable age reduction, based on the age at actual retirement);

(b) The service that became creditable after June 30, 1997, did not exist; and

(c) The average salary is the average salary at separation. (See examples 7B, 9, and 13 of appendix A of this subpart.)

##### § 28.342 Computed annuity exceeds the statutory maximum.

(a) In cases in which the computed annuity exceeds the statutory maximum:

(1) Federal Benefit Payments may equal total benefits even if the employee had service after June 30, 1997.

(2) If the employee had sufficient service as of June 30, 1997, to qualify for the maximum annuity under the plan, the Federal Benefit Payment is the maximum annuity under the plan. This will be the entire benefit except for any amount in excess of the normal maximum due to unused sick leave, which is the responsibility of the District. (See example 3, of appendix A of this subpart.)

(b) If the employee did not perform sufficient service as of June 30, 1997, to reach the statutory maximum benefit, but has sufficient service at actual retirement to exceed the statutory maximum, the Federal Benefit Payment is the amount earned through June 30, 1997. The non-Federal-Benefit-Payment portion of the total benefit consists of only the amount by which the total benefit payable exceeds the Federal Benefit Payment.

##### § 28.343 Disability benefits.

(a) The general rule that Federal Benefit Payments are calculated under the applicable retirement plan as though the employees were eligible for optional retirement and separated on June 30, 1997, does not apply to disability benefits prior to optional retirement age.

(b) In cases involving disability benefits prior to optional retirement age, no Federal Benefit Payment is payable until the retiree reaches the age of eligibility to receive a deferred annuity (age 55 under the Police and Firefighters Plan and age 62 under the Teachers Plan). When the age for deferred annuity is reached, the Federal Benefit Payment is paid using creditable service accrued as of June 30, 1997 and average salary (computed under the rules for the applicable plan) as of the date of separation. (See examples 6 and 7 of appendix A of this subpart.)

##### § 28.344 Survivor benefits.

(a) The general rule that Federal Benefit Payments are calculated under the applicable retirement plan as though the employees were eligible for optional retirement and separated on June 30, 1997, does not apply to death benefits that are not determined by length of service.

(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.)

##### § 28.345 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.)

##### § 28.346 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—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: \$26,647.13  
Total/month: \$2,221.00

###### Federal Benefit Payment Computation

Birth date: 09/10/46  
Hire date: 10/09/77  
Separation 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: \$26,361.63  
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  
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: \$29,368.95  
Total/month: \$2,447.00

###### Federal Benefit Payment Computation

Birth date: 09/10/46  
Hire date: 10/13/75  
Separation 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: \$29,026.34  
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  
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  
Separation 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

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

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  
Hire date: 03/14/66  
Separation date: 06/30/97  
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 3B 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: 00/06/00  
.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

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

**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  
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 1.75 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 D.C. 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 D.C. 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

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

.0175 service: 5  
.02 service: 23.333333  
Average salary: \$53,121.00  
Total: \$33,421.96  
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: 26.666667  
Average salary: \$53,121.00  
Total: \$32,713.68  
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: \$28,740.84  
Total/month: \$2,395.00

**Federal Benefit Payment Computation**

Birth date: 09/10/36  
Hire date: 10/09/67

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

Freeze date: 06/30/97  
Department service: 29/30/22  
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: \$28,512.43  
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  
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: \$28,740.84  
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  
Total deposit paid after: 6/30/97  
Sick leave:  
.015 service: 5

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

.0175 service: 5  
.02 service: 19.666667; 22 days dropped  
Average salary: \$45,680.80  
Total: \$25,390.91  
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: \$28,740.84  
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 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: \$25,390.91  
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: \$22,002.69  
Total/month: \$1,834.00  
2/3 of average pay: \$31,859.09  
Monthly: \$2,655.00

**Federal Benefit Payment Computation**

Birth date: 08/20/52  
Hire date: 05/14/79  
Separation 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: \$21,604.45  
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 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 years and 6

months of service at the 2 percent accrual rate.

**EXAMPLE 68.—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 a average pay because that amount is higher than the 63.25 percent payable based on total service.

**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 services: 20  
.03 service: 4.416667

**EXAMPLE 7A.—POLICE DISABILITY IN  
LINE OF DUTY AGE 55—Continued**  
[pre-80 hire]

Average salary: \$47,788.64  
Final salary: \$50,938.00  
Total: \$30,226.31  
Total/month: \$2,519.00  
2/3 of average pay: \$31,859.09  
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  
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

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

**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  
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: 18.083333  
.03 service: 0  
Average salary: \$30,427.14  
Final Salary: \$45,415.00  
Total: \$13,755.60  
Total/month \$1,146.00; deferred

*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

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

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  
.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: \$43,374.13  
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

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

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 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  
Reduction factor: 0.990000  
Total reduced: \$40,981.53  
Total month: \$3,415.00

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

**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.

**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

**EXAMPLE 12.—TEACHERS INVOLUN-  
TARY W/AGE REDUCTION—Continued**  
[Pre-96 hire]

.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  
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 sal: \$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 sal: \$38,787.88  
Annual Benefit: \$12,000.00  
Monthly Benefit: \$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 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  
Annual Benefit: \$7,524.00  
Monthly Benefit: \$627.00

*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: 06/07/28  
Paid in 1995:  
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

**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: 06/07/28  
Paid in 1995:  
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%  
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: 06/07/28  
Paid in 1995:  
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  
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: 06/07/28  
Paid In 1995:  
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

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  
.015 service: 5  
.0175 service: 5  
.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

[FR Doc. 99-32168 Filed 12-10-99; 8:45 am]

BILLING CODE 4810-25-P

**DEPARTMENT OF AGRICULTURE**

**Forest Service**

**36 CFR Parts 217 and 219**

**National Forest System Land and Resource Management Planning**

**AGENCY:** Forest Service, USDA.

**ACTION:** Notice of supplemental information.

**SUMMARY:** On October 5, 1999, the Forest Service published a proposed rule to guide land and resource management planning on national forests and grasslands. On October 19, 1999, the agency published a notice of 23 national town meetings to be held for purposes of explaining and receiving written comment on the proposed rule. The Forest Service is now publishing