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**ATTACHMENT 3**

**RETIREMENT COVERAGE ERROR CORRECTION**

***Model Notice of the Opportunity to Decline FERS Coverage***

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[Insert Date]

Dear [Enter employee's name]:

We recently discovered a mistake in your retirement coverage. When you came to work for this agency, we put you in the Federal Employees Retirement System (FERS). Unfortunately, we should have put you in the [insert correct retirement plan (CSRS), Civil Service Retirement System Offset (CSRS Offset), or Social Security (FICA)-Only] plan. We regret this error.

You have options on how we correct this error. You may remain in FERS, or you can choose to have your retirement coverage retroactively corrected to [insert correct retirement plan]. With this letter, we have included information about each option. Please review the information and let us know if you have any questions.

You have until [insert date that is 60 days from date of notice] to make your decision. If you don't choose a retirement plan, you will be considered to have chosen to remain in FERS. If you can't make a decision by [insert date], please let us know. We can give you more time if you are unable to make a decision by the deadline because of circumstances beyond your control. If the deadline passes and you did not make a decision or request an extension, you will remain covered by FERS.

We have included a decision-making guide called **Should You Stay In FERS?** which will help you choose. It contains an overview of both retirement plans, discusses the differences between FERS and [CSRS or CSRS Offset], and provides examples. We can help too. We can provide projections of your future retirement benefits under both plans. We can also help you project your future Social Security benefit and your Thrift Savings Plan benefits so that you can compare your total benefits under both plans.

We realize that this error may cause you concern and we regret that. We want to make this as easy for you as we can. [Insert name of contact person] will be able to counsel you regarding your retirement benefits. He/She can be reached on [insert telephone number, email, etc....]. Please don't hesitate to contact us to ask any questions you have.

Please acknowledge receipt of this notice by returning a signed and dated copy of this letter.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Remember, you need to let us know which retirement plan you want by [Enter date of election deadline]. You can make your election on the enclosed form.

Sincerely,

XXXXXX

Enclosures: Summary Information  
Standard Form 3109  
Should You Stay In FERS?

## Summary Information for [insert employee's name]

*[Delete and/or adjust sections as appropriate based on the employee's service history.]*

### I. Federal Service

We reviewed your personnel records and outlined your career with the Federal Government below. Please review this summary of your service and contact us immediately if we've missed anything. Any change to your service record, no matter how minor, could affect the options you have regarding your retirement coverage.

Agency	Dates of Service	Yrs./Mos./Days	Retirement Coverage
	**/**/** – **/**/**	**/**/**	
	**/**/** – **/**/**	**/**/**	
	**/**/** – **/**/**	**/**/**	
	**/**/** – **/**/**	**/**/**	
<b>Total Federal Service:</b> Total creditable CSRS Service: Total creditable FERS Service (including CSRS Offset time):		<b>** years, ** months, ** days</b> ** years, ** months, ** days ** years, ** months, ** days	

### II. Correction of Your Records

If you elect to have your retirement coverage corrected to *[insert correct retirement plan, i.e., CSRS, CSRS Offset, or Social Security (FICA)-Only]*, that correction will be made retroactive to *[enter effective month, day, and year of correction]*. If you choose to stay in FERS, the date your FERS coverage began will not change. However, we will correct the Notification of Personnel Action (Standard Form 50) showing your appointment on *[enter month, day, and year]* to show that you elected FERS.

### III. Thrift Savings Plan

You are currently contributing \_\_\_% of your pay to the Thrift Savings Plan (TSP). You are also currently receiving Agency Automatic (1%) and Agency Matching contributions. You will be able to keep all the money you contributed in the TSP, and associated earnings on your contributions, regardless of which retirement plan you choose.

If you choose *[insert correct retirement plan, i.e., CSRS, CSRS Offset, or Social Security (FICA)-Only]* all the Agency Automatic (1%) Contribution and Agency Matching Contributions, along with associated earnings, will be removed from your TSP account. As a CSRS or CSRS Offset employee, the maximum you can currently contribute to the TSP is *[insert current*

*maximum percentage*] of pay. Employees covered by Social Security (FICA)-Only may not contribute to the TSP.

You became eligible to contribute to the TSP on *[Enter date of earliest eligibility based on erroneous automatic FERS coverage]*. However, if you decide to stay in FERS, the earliest you should have become eligible to contribute to the TSP is *[Enter effective date of deemed FERS coverage]*. This means that if you decide to stay in FERS, you are entitled to retroactive Agency Automatic (1%) contributions for the period *[Enter date]* to *[Enter date]*. You will also have the opportunity to make up employee contributions missed during this period. If you make up employee contributions, you will receive associated retroactive agency matching contributions. In addition, you are entitled to lost earnings on the retroactive agency contributions that are made to you account. You will not receive lost earnings on make up employee contributions.

#### IV. Service Credit

You performed service that was not subject to retirement deductions before becoming erroneously covered by FERS. You also received a refund of retirement deductions withheld from your pay.

*[Enter deposit and/or redeposit service that is subject to CSRS rules.]*

SERVICE NOT SUBJECT TO RETIREMENT DEDUCTIONS	MILITARY SERVICE	SERVICE THAT WAS REFUNDED
**/**/** to **/**/**	**/**/** to **/**/**	**/**/** to **/**/**
**/**/** to **/**/**	**/**/** to **/**/**	**/**/** to **/**/**
**/**/** to **/**/**		**/**/** to **/**/**
**/**/** to **/**/**		

Under a special rule that applies to employees like you who have been put in FERS by mistake, you will get retirement credit for your service mentioned above even if you do not pay the deposits and redeposit. If you don't pay the deposits or redeposit, the Office of Personnel Management (OPM) will credit that service when it computes your annuity after you retire, and apply an actuarial reduction.

The actuarial reduction is a permanent reduction in your benefit. The amount of the actuarial reduction depends on your age and the amount of the unpaid deposit and redeposit at the time you retire. To compute an actuarial reduction, OPM divides the total deposit and redeposit amounts by the present value factor for your age at retirement.

For example, suppose you retire at age 59 and you have some old civilian service that was not subject to CSRS retirement deductions. The amount of the deposit for this service is \$4,500. If you don't pay the \$4,500 deposit, OPM will still use the service to compute your retirement annuity. However, your annuity is reduced by \$24 per month. The \$24 per month reduction is

computed by taking the amount you owe (\$4,500) and dividing it by the present value factor for age 59 (190.2).

## **V. Additional Information**

Please refer to [*Should You Stay In FERS: A guide to choosing between FERS and CSRS retirement plans when you were erroneously put in FERS or Should You Stay In FERS: A guide to choosing between FERS and CSRS Offset retirement plans when you were erroneously put in FERS*] for additional information that will help you make a decision. If you need help, please don't hesitate to contact [*insert name*] on [*insert telephone number, email address, etc...*].