

Action Date: _____
 For Information Only

DEPARTMENTAL PERSONNEL MANUAL SYSTEM

DPM BULLETIN NO. 831-14

DATE: APR 22 1986

SUBJECT: Computation of Retirement Annuity for Part-Time
Employment

On April 7, 1986, President Reagan signed into law the Consolidated Omnibus Budget Reconciliation Act of 1985, Public Law 99-272. Title XV of the Act includes several changes to Civil Service Programs, one of which affects computation of retirement annuity for part-time employment.

Prior to enactment of Public Law 99-272, a long term part-time employee who changed to a full-time tour of duty for the last three years prior to retirement would receive an unintended windfall benefit. The increase in average salary due to conversion to full-time produced a "high-3" average pay comparable to that received by an employee who had worked full-time for an entire career. Thus, the "high-3" average pay for the predominantly part-time employee would result in the same retirement benefit (for a given amount of creditable service) as that for the full-time employee.

For part-time service performed on or after April 7, 1986, the new law will prevent this windfall. Under Public Law 99-272, the "high-3" average pay for a part-timer will be computed as if the employee were on a full-time schedule. The annuity computed on the basis of the full-time average pay will then be prorated. The annuity is multiplied by a fraction which expresses the ratio between the actual service and a full-time tour of duty for the employee's career. The length of service for annuity entitlement purposes will not be prorated, i.e., for this purpose part-time service will be counted the same as full-time service. For example, the annuity of an employee with 30 years of service under Public Law 99-272, all performed on a three-quarter time basis, will be computed based on 30 years of service and a full-time average pay, but the annuity will then be multiplied by .75, resulting in a reduction of 25 percent.

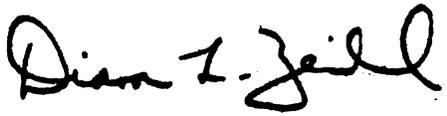
Filing Instructions: File after FPM Chapter 831 Bulletins

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The Office of Personnel Management is developing the necessary instructions to implement this provision of Public Law 99-272, and we will communicate them to you as soon as they become available.

A handwritten signature in black ink, appearing to read "Diana L. Zell". The signature is fluid and cursive, with the first name "Diana" being the most prominent part.

Director of Personnel