

**AMENDMENT TO THE RULES COMMITTEE PRINT
OF H.R. 4310
OFFERED BY MR. LYNCH OF MASSACHUSETTS**

At the end of subtitle A of title XI, add the following:

**1 SEC. 1106. CONTRIBUTIONS TO THRIFT SAVINGS FUND OF
2 PAYMENTS FOR ACCRUED OR ACCUMULATED
3 LEAVE.**

4 (a) AMENDMENTS RELATING TO CSRS.—Section
5 8351(b)(2) of title 5, United States Code, is amended—
6 (1) by striking the matter before subparagraph
7 (B) and inserting the following:

8 “(2)(A) An employee or Member may contribute to
9 the Thrift Savings Fund in any pay period any amount
10 of such employee’s or Member’s basic pay for such pay
11 period, and may, in addition, contribute (by direct transfer
12 to the Fund) any part of any payment received for accu-
13 mulated and accrued annual or vacation leave under sec-
14 tions 5551 or 5552. Notwithstanding section 2105(e), in
15 this paragraph, the term ‘employee’ includes an employee
16 of the United States Postal Service or the Postal Regu-
17 latory Commission.”;

18 (2) by striking subparagraph (B); and

1 (3) by redesignating subparagraph (C) as sub-
2 paragraph (B).

3 (b) AMENDMENTS RELATING TO FERS.—

4 (1) IN GENERAL.—Section 8432(a) of title 5,
5 United States Code, is amended—

6 (A) by striking the matter before para-
7 graph (3) and inserting the following:

8 “(a)(1) An employee or Member may contribute to
9 the Thrift Savings Fund in any pay period any amount
10 of such employee’s or Member’s basic pay for such pay
11 period, pursuant to an election under subsection (b), and
12 may, in addition, contribute (by direct transfer to the
13 Fund) any part of any payment received for accumulated
14 and accrued annual or vacation leave under sections 5551
15 or 5552.

16 “(2) Contributions made under paragraph (1) pursu-
17 ant to an election under subsection (b) shall, with respect
18 to each pay period for which such election remains in ef-
19 fect, be made in accordance with a program of regular
20 contributions provided in regulations prescribed by the
21 Executive Director”; and

22 (B) by adding at the end the following:

23 “(4) Notwithstanding section 2105(e), in this sub-
24 section, the term ‘employee’ includes an employee of the

1 United States Postal Service or the Postal Regulatory
2 Commission.”.

3 (2) MEMBERS OF THE UNIFORMED SERV-
4 ICES.—Section 8440e(d) of title 5, United States
5 Code, is amended—

6 (A) by redesignating paragraph (3) as
7 paragraph (4); and

8 (B) by inserting after paragraph (2) the
9 following:

10 “(3) A member making contributions to the Thrift
11 Savings Fund out of basic pay, or out of compensation
12 under section 206 of title 37, may also contribute (by di-
13 rect transfer to the Fund) all or part of any payment that
14 such member receives for unused accrued leave under sec-
15 tion 501 of such title.”.

16 (c) REGULATIONS.—

17 (1) IN GENERAL.—The Executive Director of
18 the Federal Retirement Thrift Investment Board
19 shall prescribe regulations to carry out the amend-
20 ments made by this section.

21 (2) AUTHORITY TO PERMIT CONTRIBUTIONS BY
22 INDIVIDUALS SUBJECT TO OTHER RETIREMENT SYS-
23 TEMS.—Under the authority to prescribe regulations
24 under paragraph (1), the Executive Director may
25 permit an employee of the Federal Government or a

1 member of the uniformed services who is not given
2 the authority under any of the amendments made by
3 this section to contribute a payment received for ac-
4 cumulated and accrued annual or vacation leave to
5 the Thrift Savings Fund to contribute all or part of
6 any such payment to the Fund, if—

7 (A) the employee or member is authorized
8 under law to receive such a payment;

9 (B) the employee or member is covered by
10 an equivalent Federal employee retirement sys-
11 tem; and

12 (C) the employee or member is authorized
13 under law to contribute to the Fund.

14 **SEC. 1107. PHASED RETIREMENT AUTHORITY.**

15 (a) CSRS.—Chapter 83 of title 5, United States
16 Code, is amended—

17 (1) in section 8331—

18 (A) in paragraph (30) by striking “and” at
19 the end;

20 (B) in paragraph (31) by striking the pe-
21 riod at the end and inserting “; and”; and

22 (C) by adding at the end the following:

23 “(32) ‘Director’ means the Director of the Of-
24 fice of Personnel Management.”;

1 (2) by inserting after section 8336 the fol-
2 lowing:

3 **“§ 8336a. Phased retirement**

4 “(a) For the purposes of this section—

5 “(1) the term ‘composite retirement annuity’
6 means the annuity computed when a phased retiree
7 attains full retirement status;

8 “(2) the term ‘full retirement status’ means
9 that a phased retiree has ceased employment and is
10 entitled, upon application, to a composite retirement
11 annuity;

12 “(3) the term ‘phased employment’ means the
13 less-than-full-time employment of a phased retiree;

14 “(4) the term ‘phased retiree’ means a retire-
15 ment-eligible employee who—

16 “(A) makes an election under subsection
17 (b); and

18 “(B) has not entered full retirement sta-
19 tus;

20 “(5) the term ‘phased retirement annuity’
21 means the annuity payable under this section before
22 full retirement;

23 “(6) the term ‘phased retirement percentage’
24 means the percentage which, when added to the

1 working percentage for a phased retiree, produces a
2 sum of 100 percent;

3 “(7) the term ‘phased retirement period’ means
4 the period beginning on the date on which an indi-
5 vidual becomes entitled to receive a phased retire-
6 ment annuity and ending on the date on which the
7 individual dies or separates from phased employ-
8 ment;

9 “(8) the term ‘phased retirement status’ means
10 that a phased retiree is concurrently employed in
11 phased employment and eligible to receive a phased
12 retirement annuity;

13 “(9) the term ‘retirement-eligible employee’—

14 “(A) means an individual who, if the indi-
15 vidual separated from the service, would meet
16 the requirements for retirement under sub-
17 section (a) or (b) of section 8336; but

18 “(B) does not include an employee, de-
19 scribed in section 8335, after the date as of
20 which such employee is required to be separated
21 from the service by reason of such section; and

22 “(10) the term ‘working percentage’ means the
23 percentage of full-time employment equal the
24 quotient obtained by dividing—

1 “(A) the number of hours per pay period
2 to be worked by a phased retiree as scheduled
3 in accordance with subsection (b)(2); by

4 “(B) the number of hours per pay period
5 to be worked by an employee serving in a com-
6 parable position on a full-time basis.

7 “(b)(1) With the concurrence of the head of the em-
8 ploying agency, and under regulations promulgated by the
9 Director, a retirement-eligible employee who has been em-
10 ployed on a full time basis for not less than the 3-year
11 period ending on the date on which the retirement-eligible
12 employee makes an election under this subsection may
13 elect to enter phased retirement status.

14 “(2)(A) Subject to subparagraph (B), at the time of
15 entering phased retirement status, a phased retiree shall
16 be appointed to a position for which the working percent-
17 age is 50 percent.

18 “(B) The Director may, by regulation, provide for
19 working percentages different from the percentage speci-
20 fied under subparagraph (A), which shall be not less than
21 20 percent and not more than 80 percent.

22 “(C) The working percentage for a phased retiree
23 may not be changed during the phased retiree’s phased
24 retirement period.

1 “(D)(i) Not less than 20 percent of the hours to be
2 worked by a phased retiree shall consist of mentoring.

3 “(ii) The Director may, by regulation, provide for ex-
4 ceptions to the requirement under clause (i).

5 “(iii) Clause (i) shall not apply to a phased retiree
6 serving in the United States Postal Service. Nothing in
7 this clause shall prevent the application of clause (i) or
8 (ii) with respect to a phased retiree serving in the Postal
9 Regulatory Commission.

10 “(3) A phased retiree—

11 “(A) may not be employed in more than one po-
12 sition at any time; and

13 “(B) may transfer to another position in the
14 same or a different agency, if the transfer does not
15 result in a change in the working percentage.

16 “(4) A retirement-eligible employee may make only
17 one election under this subsection during the retirement-
18 eligible employee’s lifetime.

19 “(5) A retirement-eligible employee who makes an
20 election under this subsection may not make an election
21 under section 8343a.

22 “(c)(1) Except as otherwise provided under this sub-
23 section, the phased retirement annuity for a phased retiree
24 is the product obtained by multiplying—

1 “(A) the amount of an annuity computed under
2 section 8339 that would have been payable to the
3 phased retiree if, on the date on which the phased
4 retiree enters phased retirement status, the phased
5 retiree had separated from service and retired under
6 section 8336(a) or (b); by

7 “(B) the phased retirement percentage for the
8 phased retiree.

9 “(2) A phased retirement annuity shall be paid in ad-
10 dition to the basic pay for the position to which a phased
11 retiree is appointed during phased employment.

12 “(3) A phased retirement annuity shall be adjusted
13 in accordance with section 8340.

14 “(4)(A) A phased retirement annuity shall not be
15 subject to reduction for any form of survivor annuity, shall
16 not serve as the basis of the computation of any survivor
17 annuity, and shall not be subject to any court order requir-
18 ing a survivor annuity to be provided to any individual.

19 “(B) A phased retirement annuity shall be subject to
20 a court order providing for division, allotment, assign-
21 ment, execution, levy, attachment, garnishment, or other
22 legal process on the same basis as other annuities.

23 “(5) Any reduction of a phased retirement annuity
24 based on an election under section 8334(d)(2) shall be ap-

1 plied to the phased retirement annuity after computation
2 under paragraph (1).

3 “(6)(A) Any deposit, or election of an actuarial annu-
4 ity reduction in lieu of a deposit, for military service or
5 for creditable civilian service for which retirement deduc-
6 tions were not made or refunded shall be made by a retire-
7 ment-eligible employee at or before the time the retire-
8 ment-eligible employee enters phased retirement status.
9 No such deposit may be made, or actuarial adjustment
10 in lieu thereof elected, at the time a phased retiree enters
11 full retirement status.

12 “(B) Notwithstanding subparagraph (A), if a phased
13 retiree does not make such a deposit and dies in service
14 as a phased retiree, a survivor of the phased retiree shall
15 have the same right to make such deposit as would have
16 been available had the employee not entered phased retire-
17 ment status and died in service.

18 “(C) If a phased retiree makes an election for an ac-
19 tuarial annuity reduction under section 8334(d)(2) and
20 dies in service as a phased retiree, the amount of any de-
21 posit upon which such actuarial reduction shall have been
22 based shall be deemed to have been fully paid.

23 “(7) A phased retirement annuity shall commence on
24 the date on which a phased retiree enters phased employ-
25 ment.

1 “(8) No unused sick leave credit may be used in the
2 computation of the phased retirement annuity.

3 “(d) All basic pay not in excess of the full-time rate
4 of pay for the position to which a phased retiree is ap-
5 pointed shall be deemed to be basic pay for purposes of
6 section 8334.

7 “(e) Under such procedures as the Director may pre-
8 scribe, a phased retiree may elect to enter full retirement
9 status at any time. Upon making such an election, a
10 phased retiree shall be entitled to a composite retirement
11 annuity.

12 “(f)(1) Except as provided otherwise under this sub-
13 section, a composite retirement annuity is a single annuity
14 computed under regulations prescribed by the Director,
15 equal to the sum of—

16 “(A) the amount of the phased retirement an-
17 nuity as of the date of full retirement, before any re-
18 duction based on an election under section
19 8334(d)(2), and including any adjustments made
20 under section 8340; and

21 “(B) the product obtained by multiplying—

22 “(i) the amount of an annuity computed
23 under section 8339 that would have been pay-
24 able at the time of full retirement if the indi-
25 vidual had not elected a phased retirement and

1 as if the individual was employed on a full-time
2 basis in the position occupied during the phased
3 retirement period and before any reduction for
4 survivor annuity or reduction based on an elec-
5 tion under section 8334(d)(2); by

6 “(ii) the working percentage.

7 “(2) After computing a composite retirement annuity
8 under paragraph (1), the Director shall adjust the amount
9 of the annuity for any applicable reductions for a survivor
10 annuity and any previously elected actuarial reduction
11 under section 8334(d)(2).

12 “(3) A composite retirement annuity shall be ad-
13 justed in accordance with section 8340, except that sub-
14 section (c)(1) of that section shall not apply.

15 “(4) In computing a composite retirement annuity
16 under paragraph (1)(B)(i), the unused sick leave to the
17 credit of a phased retiree at the time of entry into full
18 retirement status shall be adjusted by dividing the number
19 of hours of unused sick leave by the working percentage.

20 “(g)(1) Under such procedures and conditions as the
21 Director may provide, and with the concurrence of the
22 head of the employing agency, a phased retiree may elect
23 to terminate phased retirement status and return to a full-
24 time work schedule.

1 “(2) Upon entering a full-time work schedule based
2 upon an election under paragraph (1), the phased retire-
3 ment annuity of a phased retiree shall terminate.

4 “(3) After the termination of a phased retirement an-
5 nuity under this subsection, the individual’s rights under
6 this subchapter shall be determined based on the law in
7 effect at the time of any subsequent separation from serv-
8 ice. For purposes of this subchapter or chapter 84, at time
9 of the subsequent separation from service, the phased re-
10 tirement period shall be treated as if it had been a period
11 of part-time employment with the work schedule described
12 in subsection (b)(2).

13 “(h) For purposes of section 8341—

14 “(1) the death of a phased retiree shall be
15 deemed to be the death in service of an employee;
16 and

17 “(2) the phased retirement period shall be
18 deemed to have been a period of part-time employ-
19 ment with the work schedule described in subsection
20 (b)(2).

21 “(i) Employment of a phased retiree shall not be
22 deemed to be part-time career employment, as defined in
23 section 3401(2).

24 “(j) A phased retiree is not eligible to apply for an
25 annuity under section 8337.

1 “(k) For purposes of section 8341(h)(4), retirement
2 shall be deemed to occur on the date on which a phased
3 retiree enters into full retirement status.

4 “(l) For purposes of sections 8343 and 8351, and
5 subchapter III of chapter 84, a phased retiree shall be
6 deemed to be an employee.

7 “(m) A phased retiree is not subject to section 8344.

8 “(n) For purposes of chapter 87, a phased retiree
9 shall be deemed to be receiving basic pay at the rate of
10 a full-time employee in the position to which the phased
11 retiree is appointed.”; and

12 (3) in the table of sections by inserting after
13 the item relating to section 8336 the following:

“8336a. Phased retirement.”.

14 (b) FERS.—Chapter 84 of title 5, United States
15 Code, is amended—

16 (1) by inserting after section 8412 the following
17 new section:

18 **“§ 8412a. Phased retirement**

19 “(a) For the purposes of this section—

20 “(1) the term ‘composite retirement annuity’
21 means the annuity computed when a phased retiree
22 attains full retirement status;

23 “(2) the term ‘full retirement status’ means
24 that a phased retiree has ceased employment and is

1 entitled, upon application, to a composite retirement
2 annuity;

3 “(3) the term ‘phased employment’ means the
4 less-than-full-time employment of a phased retiree;

5 “(4) the term ‘phased retiree’ means a retiree-
6 ment-eligible employee who—

7 “(A) makes an election under subsection
8 (b); and

9 “(B) has not entered full retirement sta-
10 tus;

11 “(5) the term ‘phased retirement annuity’
12 means the annuity payable under this section before
13 full retirement;

14 “(6) the term ‘phased retirement percentage’
15 means the percentage which, when added to the
16 working percentage for a phased retiree, produces a
17 sum of 100 percent;

18 “(7) the term ‘phased retirement period’ means
19 the period beginning on the date on which an indi-
20 vidual becomes entitled to receive a phased retiree-
21 ment annuity and ending on the date on which the
22 individual dies or separates from phased employ-
23 ment;

24 “(8) the term ‘phased retirement status’ means
25 that a phased retiree is concurrently employed in

1 phased employment and eligible to receive a phased
2 retirement annuity;

3 “(9) the term ‘retirement-eligible employee’—

4 “(A) means an individual who, if the indi-
5 vidual separated from the service, would meet
6 the requirements for retirement under sub-
7 section (a) or (b) of section 8412; and

8 “(B) does not include—

9 “(i) an individual who, if the indi-
10 vidual separated from the service, would
11 meet the requirements for retirement
12 under subsection (d) or (e) of section
13 8412; but

14 “(ii) does not include an employee, de-
15 scribed in section 8425, after the date as
16 of which such employee is required to be
17 separated from the service by reason of
18 such section; and

19 “(10) the term ‘working percentage’ means the
20 percentage of full-time employment equal to the
21 quotient obtained by dividing—

22 “(A) the number of hours per pay period
23 to be worked by a phased retiree as scheduled
24 in accordance with subsection (b)(2); by

1 “(B) the number of hours per pay period
2 to be worked by an employee serving in a com-
3 parable position on a full-time basis.

4 “(b)(1) With the concurrence of the head of the em-
5 ploying agency, and under regulations promulgated by the
6 Director, a retirement-eligible employee who has been em-
7 ployed on a full time basis for not less than the 3-year
8 period ending on the date on which the retirement-eligible
9 employee makes an election under this subsection may
10 elect to enter phased retirement status.

11 “(2)(A) Subject to subparagraph (B), at the time of
12 entering phased retirement status, a phased retiree shall
13 be appointed to a position for which the working percent-
14 age is 50 percent.

15 “(B) The Director may, by regulation, provide for
16 working percentages different from the percentage speci-
17 fied under subparagraph (A), which shall be not less than
18 20 percent and not more than 80 percent.

19 “(C) The working percentage for a phased retiree
20 may not be changed during the phased retiree’s phased
21 retirement period.

22 “(D)(i) Not less than 20 percent of the hours to be
23 worked by a phased retiree shall consist of mentoring.

24 “(ii) The Director may, by regulation, provide for ex-
25 ceptions to the requirement under clause (i).

1 “(iii) Clause (i) shall not apply to a phased retiree
2 serving in the United States Postal Service. Nothing in
3 this clause shall prevent the application of clause (i) or
4 (ii) with respect to a phased retiree serving in the Postal
5 Regulatory Commission.

6 “(3) A phased retiree—

7 “(A) may not be employed in more than one po-
8 sition at any time; and

9 “(B) may transfer to another position in the
10 same or a different agency, if the transfer does not
11 result in a change in the working percentage.

12 “(4) A retirement-eligible employee may make only
13 one election under this subsection during the retirement-
14 eligible employee’s lifetime.

15 “(5) A retirement-eligible employee who makes an
16 election under this subsection may not make an election
17 under section 8420a.

18 “(c)(1) Except as otherwise provided under this sub-
19 section, the phased retirement annuity for a phased retiree
20 is the product obtained by multiplying—

21 “(A) the amount of an annuity computed under
22 section 8415 that would have been payable to the
23 phased retiree if, on the date on which the phased
24 retiree enters phased retirement status, the phased

1 retiree had separated from service and retired under
2 section 8412 (a) or (b); by

3 “(B) the phased retirement percentage for the
4 phased retiree.

5 “(2) A phased retirement annuity shall be paid in ad-
6 dition to the basic pay for the position to which a phased
7 retiree is appointed during the phased employment.

8 “(3) A phased retirement annuity shall be adjusted
9 in accordance with section 8462.

10 “(4)(A) A phased retirement annuity shall not be
11 subject to reduction for any form of survivor annuity, shall
12 not serve as the basis of the computation of any survivor
13 annuity, and shall not be subject to any court order requir-
14 ing a survivor annuity to be provided to any individual.

15 “(B) A phased retirement annuity shall be subject to
16 a court order providing for division, allotment, assign-
17 ment, execution, levy, attachment, garnishment, or other
18 legal process on the same basis as other annuities.

19 “(5)(A) Any deposit, or election of an actuarial annu-
20 ity reduction in lieu of a deposit, for military service or
21 for creditable civilian service for which retirement deduc-
22 tions were not made or refunded, shall be made by a re-
23 tirement-eligible employee at or before the time the retire-
24 ment-eligible employee enters phased retirement status.
25 No such deposit may be made, or actuarial adjustment

1 in lieu thereof elected, at the time a phased retiree enters
2 full retirement status.

3 “(B) Notwithstanding subparagraph (A), if a phased
4 retiree does not make such a deposit and dies in service
5 as a phased retiree, a survivor of the phased retiree shall
6 have the same right to make such deposit as would have
7 been available had the employee not entered phased retire-
8 ment status and died in service.

9 “(6) A phased retirement annuity shall commence on
10 the date on which a phased retiree enters phased employ-
11 ment.

12 “(7) No unused sick leave credit may be used in the
13 computation of the phased retirement annuity.

14 “(d) All basic pay not in excess of the full-time rate
15 of pay for the position to which a phased retiree is ap-
16 pointed shall be deemed to be basic pay for purposes of
17 section 8422 and 8423.

18 “(e) Under such procedures as the Director may pre-
19 scribe, a phased retiree may elect to enter full retirement
20 status at any time. Upon making such an election, a
21 phased retiree shall be entitled to a composite retirement
22 annuity.

23 “(f)(1) Except as provided otherwise under this sub-
24 section, a composite retirement annuity is a single annuity

1 computed under regulations prescribed by the Director,
2 equal to the sum of—

3 “(A) the amount of the phased retirement an-
4 nuity as of the date of full retirement, including any
5 adjustments made under section 8462; and

6 “(B) the product obtained by multiplying—

7 “(i) the amount of an annuity computed
8 under section 8412 that would have been pay-
9 able at the time of full retirement if the indi-
10 vidual had not elected a phased retirement and
11 as if the individual was employed on a full-time
12 basis in the position occupied during the phased
13 retirement period and before any adjustment to
14 provide for a survivor annuity; by

15 “(ii) the working percentage;

16 “(2) After computing a composite retirement annuity
17 under paragraph (1), the Director shall adjust the amount
18 of the annuity for any applicable reductions for a survivor
19 annuity.

20 “(3) A composite retirement annuity shall be ad-
21 justed in accordance with section 8462, except that sub-
22 section (c)(1) of that section shall not apply.

23 “(4) In computing a composite retirement annuity
24 under paragraph (1)(B)(i), the unused sick leave to the
25 credit of a phased retiree at the time of entry into full

1 retirement status shall be adjusted by dividing the number
2 of hours of unused sick leave by the working percentage.

3 “(g)(1) Under such procedures and conditions as the
4 Director may provide, and with the concurrence of the
5 head of employing agency, a phased retiree may elect to
6 terminate phased retirement status and return to a full-
7 time work schedule.

8 “(2) Upon entering a full-time work schedule based
9 on an election under paragraph (1), the phased retirement
10 annuity of a phased retiree shall terminate.

11 “(3) After termination of the phased retirement an-
12 nuity under this subsection, the individual’s rights under
13 this chapter shall be determined based on the law in effect
14 at the time of any subsequent separation from service. For
15 purposes of this chapter, at the time of the subsequent
16 separation from service, the phased retirement period shall
17 be treated as if it had been a period of part-time employ-
18 ment with the work schedule described in subsection
19 (b)(2).

20 “(h) For purposes of subchapter IV—

21 “(1) the death of a phased retiree shall be
22 deemed to be the death in service of an employee;

23 “(2) except for purposes of section
24 8442(b)(1)(A)(i), the phased retirement period shall
25 be deemed to have been a period of part-time em-

1 employment with the work schedule described in sub-
2 section (b)(2) of this section; and

3 “(3) for purposes of section 8442(b)(1)(A)(i),
4 the phased retiree shall be deemed to have been at
5 the full-time rate of pay for the position occupied.

6 “(i) Employment of a phased retiree shall not be
7 deemed to be part-time career employment, as defined in
8 section 3401(2).

9 “(j) A phased retiree is not eligible to receive an an-
10 nuity supplement under section 8421.

11 “(k) For purposes of subchapter III, a phased retiree
12 shall be deemed to be an employee.

13 “(l) For purposes of section 8445(d), retirement shall
14 be deemed to occur on the date on which a phased retiree
15 enters into full retirement status.

16 “(m) A phased retiree is not eligible to apply for an
17 annuity under subchapter V.

18 “(n) A phased retiree is not subject to section 8468.

19 “(o) For purposes of chapter 87, a phased retiree
20 shall be deemed to be receiving basic pay at the rate of
21 a full-time employee in the position to which the phased
22 retiree is appointed.”; and

23 (2) in the table of sections by inserting after
24 the item relating to section 8412 the following:

“8412a. Phased retirement.”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on the effective date of the
3 implementing regulations issued by the Director of the Of-
4 fice of Personnel Management.

