111TH CONGRESS 1ST SESSION H.R. 1804

To amend title 5, United States Code, to make certain modifications in the Thrift Savings Plan, the Civil Service Retirement System, and the Federal Employees' Retirement System, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 31, 2009

Mr. TOWNS (for himself, Mr. SKELTON, Mr. WAXMAN, Mr. LYNCH, and Mrs. DAVIS of California) introduced the following bill; which was referred to the Committee on Oversight and Government Reform, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

- To amend title 5, United States Code, to make certain modifications in the Thrift Savings Plan, the Civil Service Retirement System, and the Federal Employees' Retirement System, and for other purposes.
 - 1 Be it enacted by the Senate and House of Representa-
 - 2 tives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

- 4 (a) SHORT TITLE.—This Act may be cited as the
- 5 "Federal Retirement Reform Act of 2009".

1 (b) TABLE OF CONTENTS.—The table of contents for

2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—PROVISIONS RELATING TO FEDERAL EMPLOYEES RETIREMENT

Subtitle A—Thrift Savings Plan Enhancement

- Sec. 101. Short title.
- Sec. 102. Automatic enrollments.
- Sec. 103. Qualified Roth contribution program.
- Sec. 104. Authority to establish self-directed investment window.
- Sec. 105. Reporting requirements.
- Sec. 106. Acknowledgement of risk.

Subtitle B—Other Retirement-Related Provisions

- Sec. 111. Credit for unused sick leave.
- Sec. 112. Exemption of certain CSRS repayments from the requirement that they be made with interest.
- Sec. 113. Computation of certain annuities based on part-time service.
- Sec. 114. Treatment of members of the uniformed services under the Thrift Savings Plan.
- Sec. 115. Authority to deposit refunds under FERS.
- Sec. 116. Retirement credit for service of certain employees transferred from District of Columbia service to Federal service.

TITLE II—SPECIAL SURVIVOR INDEMNITY ALLOWANCE FOR SURVIVING SPOUSES OF ARMED FORCES MEMBERS

Sec. 201. Increase in monthly amount of special survivor indemnity allowance for widows and widowers of deceased members of the Armed Forces affected by required Survivor Benefit Plan annuity offset for dependency and indemnity compensation.

3 TITLE I—PROVISIONS RELATING

4 TO FEDERAL EMPLOYEES RE-

5 **TIREMENT**

Subtitle A—Thrift Savings Plan Enhancement

8 SEC. 101. SHORT TITLE.

9 This subtitle may be cited as the "Thrift Savings10 Plan Enhancement Act of 2009".

1 SEC. 102. AUTOMATIC ENROLLMENTS.

2 (a) IN GENERAL.—Section 8432(b) of title 5, United
3 States Code, is amended by striking paragraphs (2)
4 through (4) and inserting the following:

5 "(2)(A) The Board shall by regulation provide for an
6 eligible individual to be automatically enrolled to make
7 contributions under subsection (a) at the default percent8 age of basic pay.

9 "(B) For purposes of this paragraph, the default per10 centage shall be equal to 3 percent or such other percent11 age, not less than 2 percent nor more than 5 percent, as
12 the Board may by regulation prescribe.

13 "(C) The regulations shall include provisions under
14 which any individual who would otherwise be automatically
15 enrolled in accordance with subparagraph (A) may—

"(i) modify the percentage or amount to be contributed pursuant to automatic enrollment, effective
from the start of such enrollment; or

19 "(ii) decline automatic enrollment altogether.

20 "(D) For purposes of this paragraph, the term 'eligi-21 ble individual' means any individual who, after any regula-22 tions under subparagraph (A) first take effect, is ap-23 pointed, transferred, or reappointed to a position in which 24 that individual is eligible to contribute to the Thrift Sav-25 ings Fund. "(E)(i) Subject to clause (ii), sections 8351(a)(1),
 8440a(a)(1), 8440b(a)(1), 8440c(a)(1), 8440d(a)(1), and
 8440e(a)(1) shall be applied in a manner consistent with
 the purposes of this paragraph.

5 "(ii) The Secretary concerned may, with respect to 6 members of the uniformed services under the authority of 7 such Secretary, establish such special rules as such Sec-8 retary considers necessary for the administration of this 9 subparagraph, including rules in accordance with which 10 such Secretary may—

11 "(I) provide for delayed automatic enrollment;
12 or

13 "(II) preclude or suspend the application of14 automatic enrollment.".

(b) TECHNICAL AMENDMENT.—Section 8432(b)(1)
of title 5, United States Code, is amended by striking the
parenthetical matter in subparagraph (B).

18 SEC. 103. QUALIFIED ROTH CONTRIBUTION PROGRAM.

(a) IN GENERAL.—Subchapter III of chapter 84 of
title 5, United States Code, is amended by inserting after
section 8432c the following:

22 "§8432d. Qualified Roth contribution program

23 "(a) DEFINITIONS.—For purposes of this section—
24 "(1) the term 'qualified Roth contribution pro25 gram' means a program described in paragraph (1)

1	of section 402A(b) of the Internal Revenue Code of
2	1986 which meets the requirements of paragraph (2)
3	of such section; and
4	"(2) the terms 'designated Roth contribution'
5	and 'elective deferral' have the meanings given such
6	terms in section 402A of the Internal Revenue Code
7	of 1986.
8	"(b) AUTHORITY TO ESTABLISH.—The Board shall
9	by regulation provide for the inclusion in the Thrift Sav-
10	ings Plan of a qualified Roth contribution program, under
11	such terms and conditions as the Board may prescribe.
12	"(c) REQUIRED PROVISIONS.—The regulations under
13	subsection (b) shall include—
14	"(1) provisions under which an election to make
15	designated Roth contributions may be made—
16	"(A) by any individual who is eligible to
17	make contributions under section 8351,
18	8432(a), 8440a, 8440b, 8440c, 8440d, or
19	8440e; and
20	"(B) by any individual, not described in
21	subparagraph (A), who is otherwise eligible to
22	make elective deferrals under the Thrift Sav-
23	ings Plan;
24	((2) any provisions which may, as a result of
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25 enactment of this section, be necessary in order to

1	clarify the meaning of any reference to an 'account'
2	made in section 8432(f), 8433, 8434(d), 8435,
3	8437, or any other provision of law; and
4	"(3) any other provisions which may be nec-
5	essary to carry out this section.".
6	(b) CLERICAL AMENDMENT.—The analysis for chap-
7	ter 84 of title 5, United States Code, is amended by insert-
8	ing after the item relating to section 8432c the following:
	"8432d. Qualified Roth contribution program.".
9	SEC. 104. AUTHORITY TO ESTABLISH SELF-DIRECTED IN-
10	VESTMENT WINDOW.
11	(a) IN GENERAL.—Section 8438(b)(1) of title 5,
12	United States Code, is amended—
13	(1) in subparagraph (D), by striking "and" at
14	the end;
15	(2) in subparagraph (E), by striking the period
16	and inserting "; and"; and
17	(3) by adding after subparagraph (E) the fol-
18	lowing:
19	"(F) a self-directed investment window, if
20	the Board authorizes such window under para-
21	graph (5).".
22	(b) REQUIREMENTS.—Section 8438(b) of title 5,
23	
25	United States Code, is amended by adding at the end the

"(5)(A) The Board may authorize the addition of a
 self-directed investment window under the Thrift Savings
 Plan if the Board determines that such addition would be
 in the best interests of participants.

5 "(B) The self-directed investment window shall be6 limited to—

7 "(i) low-cost, passively-managed index funds8 that offer diversification benefits; and

9 "(ii) other investment options, if the Board de10 termines the options to be appropriate retirement in11 vestment vehicles for participants.

"(C) The Board shall ensure that any administrative
expenses related to use of the self-directed investment window are borne solely by the participants who use such window.

16 "(D) The Board may establish such other terms and 17 conditions for the self-directed investment window as the 18 Board considers appropriate to protect the interests of 19 participants, including requirements relating to risk dis-20 closure.

21 "(E) The Board shall consult with the Employee
22 Thrift Advisory Council (established under section 8473)
23 before establishing any self-directed investment window.".

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1 SEC. 105. REPORTING REQUIREMENTS.

2 (a) ANNUAL REPORT.—The Board shall, not later 3 than June 30 of each year, submit to Congress an annual report on the operations of the Thrift Savings Plan. Such 4 5 report shall include, for the prior calendar year, information on the number of participants as of the last day of 6 7 such prior calendar year, the median balance in partici-8 pants' accounts as of such last day, demographic informa-9 tion on participants, the percentage allocation of amounts 10 among investment funds or options, the status of the de-11 velopment and implementation of the self-directed invest-12 ment window, the diversity demographics of any company, 13 investment adviser, or other entity retained to invest and manage the assets of the Thrift Savings Fund, and such 14 15 other information as the Board considers appropriate. A 16 copy of each annual report under this subsection shall be made available to the public through an Internet website. 17 18 (b) Reporting of Fees and Other Informa-19 TION.—

(1) IN GENERAL.—The Board shall include in
the periodic statements provided to participants
under section 8439(c) of title 5, United States Code,
the amount of the investment management fees, administrative expenses, and any other fees or expenses paid with respect to each investment fund
and option under the Thrift Savings Plan. Any such

1	statement shall also provide a statement notifying
2	participants as to how they may access the annual
3	report described in subsection (a), as well as any
4	other information concerning the Thrift Savings
5	Plan that might be useful.
6	(2) Use of estimates.—For purposes of pro-
7	viding the information required under this sub-
8	section, the Executive Director may provide a rea-
9	sonable and representative estimate of any fees or
10	expenses described in paragraph (1) and shall indi-
11	cate any such estimate as being such an estimate.
12	Any such estimate shall be based on the previous
13	year's experience.
14	(c) DEFINITIONS.—For purposes of this section—
15	(1) the term "Board" has the meaning given
16	such term by 8401(5) of title 5, United States Code;
17	(2) the term "participant" has the meaning
18	given such term by section $8471(3)$ of title 5, United
19	States Code; and
20	(3) the term "account" means an account es-
21	tablished under section 8439 of title 5, United
22	States Code.
23	SEC. 106. ACKNOWLEDGEMENT OF RISK.
24	(a) IN GENERAL.—Section 8439(d) of title 5, United
25	States Code, is amended—

1	(1) by striking the matter after "who elects to
2	invest in" and before "shall sign an acknowledge-
3	ment" and inserting "any investment fund or option
4	under this chapter, other than the Government Se-
5	curities Investment Fund,"; and
6	(2) by striking "either such Fund" and insert-
7	ing "any such fund or option".
8	(b) Coordination With Provisions Relating to
9	FIDUCIARY RESPONSIBILITIES, LIABILITIES, AND PEN-
10	ALTIES.—Section 8477(e)(1)(C) of title 5, United States
11	Code, is amended—
12	(1) by redesignating subparagraph (C) as sub-
13	paragraph $(C)(i)$; and
14	(2) by adding at the end the following:
15	"(ii) A fiduciary shall not be liable under subpara-
16	graph (A), and no civil action may be brought against a
17	fiduciary—
18	"(I) for providing for the automatic enrollment
19	of a participant in accordance with section
20	8432(b)(2)(A);
21	"(II) for enrolling a participant in a default in-
22	vestment fund in accordance with section
23	8438(c)(2); or
24	"(III) for allowing a participant to invest
25	through the self-directed investment window or for

1	establishing restrictions applicable to participants'
2	ability to invest through the self-directed investment
3	window.".
4	Subtitle B—Other Retirement-
5	Related Provisions
6	SEC. 111. CREDIT FOR UNUSED SICK LEAVE.
7	(a) IN GENERAL.—Section 8415 of title 5, United
8	States Code, is amended—
9	(1) by redesignating the second subsection (k)
10	and subsection (l) as subsections (l) and (m), respec-
11	tively; and
12	(2) in subsection (l) (as so redesignated by
13	paragraph (1))—
14	(A) by striking "(l) In computing" and in-
15	serting "(l)(1) In computing"; and
16	(B) by adding at the end the following:
17	((2) Except as provided in paragraph (1), in com-
18	puting an annuity under this subchapter, the total service
19	of an employee who retires on an immediate annuity or
20	who dies leaving a survivor or survivors entitled to annuity
21	includes the days of unused sick leave to his credit under
22	a formal leave system, except that these days will not be
23	counted in determining average pay or annuity eligibility
24	under this subchapter. For purposes of this subsection, in
25	the case of any such employee who is excepted from sub-

chapter I of chapter 63 under section 6301(2)(x)-(xiii),
 the days of unused sick leave to his credit include any un used sick leave standing to his credit when he was ex cepted from such subchapter.".

5 (b) EXCEPTION FROM DEPOSIT REQUIREMENT.—
6 Section 8422(d)(2) of title 5, United States Code, is
7 amended by striking "section 8415(k)" and inserting
8 "paragraph (1) or (2) of section 8415(l)".

9 (c) EFFECTIVE DATE.—The amendments made by 10 this section shall apply with respect to annuities computed 11 based on separations occurring on or after the date of en-12 actment of this Act.

13 SEC. 112. EXEMPTION OF CERTAIN CSRS REPAYMENTS 14 FROM THE REQUIREMENT THAT THEY BE 15 MADE WITH INTEREST.

16 (a) IN GENERAL.—Section 8334(d)(1) of title 5,
17 United States Code, is amended—

18 (1) by striking "(d)(1)" and inserting
19 "(d)(1)(A)"; and

20 (2) by adding at the end the following:

"(B) No interest under subparagraph (A) shall be required in the case of any deposit to the extent that it represents the amount of any refund that was made to an
employee or Member during the period beginning on October 1, 1990, and ending on February 28, 1991.".

(b) APPLICABILITY.—The amendments made by sub-

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2 section (a) shall be effective with respect to any annuity, 3 entitlement to which is based on a separation from service 4 occurring on or after the date of enactment of this Act. 5 SEC. 113. COMPUTATION OF CERTAIN ANNUITIES BASED 6 **ON PART-TIME SERVICE.**

(a) IN GENERAL.—Section 8339(p) of title 5, United 7 8 States Code, is amended by adding at the end the fol-9 lowing:

"(3) In the administration of paragraph (1)— 11 "(A) subparagraph (A) of such paragraph shall 12 apply with respect to service performed before, on, 13 or after April 7, 1986; and

14 "(B) subparagraph (B) of such paragraph— 15 "(i) shall apply with respect to that portion 16 of any annuity which is attributable to service 17 performed on or after April 7, 1986; and 18 "(ii) shall not apply with respect to that 19 portion of any annuity which is attributable to 20 service performed before April 7, 1986.".

21 (b) APPLICABILITY.—The amendment made by subsection (a) shall be effective with respect to any annuity, 22 23 entitlement to which is based on a separation from service 24 occurring on or after the date of enactment of this Act.

1	SEC. 114. TREATMENT OF MEMBERS OF THE UNIFORMED
2	SERVICES UNDER THE THRIFT SAVINGS
3	PLAN.
4	(a) SENSE OF CONGRESS.—It is the sense of Con-
5	gress that—
6	(1) members of the uniformed services should
7	have a retirement system that is at least as generous
8	as the one which is available to Federal civilian em-
9	ployees; and
10	(2) Federal civilian employees receive matching
11	contributions from their employing agencies for their
12	contributions to the Thrift Savings Fund, but the
13	costs of requiring such a matching contribution from
14	the Department of Defense could be significant.
15	(b) REPORTING REQUIREMENT.—Not later than 180
16	days after the date of the enactment of this Act, the Sec-
17	retary of Defense shall report to Congress on—
18	(1) the cost to the Department of Defense of
19	providing a matching payment with respect to con-
20	tributions made to the Thrift Savings Fund by
21	members of the Armed Forces;
22	(2) the effect that requiring such a matching
23	payment would have on recruitment and retention;
24	and
25	(3) any other information that the Secretary of
26	Defense considers appropriate.

1 SEC. 115. AUTHORITY TO DEPOSIT REFUNDS UNDER FERS.

2 (a) DEPOSIT AUTHORITY.—Section 8422 of title 5,
3 United States Code, is amended by adding at the end the
4 following:

5 "(i)(1) Each employee or Member who has received a refund of retirement deductions under this or any other 6 7 retirement system established for employees of the Gov-8 ernment covering service for which such employee or Mem-9 ber may be allowed credit under this chapter may deposit 10 the amount received, with interest. Credit may not be al-11 lowed for the service covered by the refund until the deposit is made. 12

13 "(2) Interest under this subsection shall be computed 14 in accordance with paragraphs (2) and (3) of section 15 8334(e) and regulations prescribed by the Office. The op-16 tion under the third sentence of section 8334(e)(2) to 17 make a deposit in one or more installments shall apply 18 to deposits under this subsection.

19 "(3) For the purpose of survivor annuities, deposits
20 authorized by this subsection may also be made by a sur21 vivor of an employee or Member.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—
(1) DEFINITIONAL AMENDMENT.—Section
8401(19)(C) of title 5, United States Code, is
amended by striking "8411(f);" and inserting
"8411(f) or 8422(i);".

1	(2) Crediting of deposits.—Section 8422(c)
2	of title 5, United States Code, is amended by adding
3	at the end the following: "Deposits made by an em-
4	ployee, Member, or survivor also shall be credited to
5	the Fund.".
6	(3) Section Heading.—(A) The heading for
7	section 8422 of title 5, United States Code, is
8	amended to read as follows:
9	"§8422. Deductions from pay; contributions for other
10	service; deposits".
11	(B) The analysis for chapter 84 of title 5,
12	United States Code, is amended by striking the item
13	relating to section 8422 and inserting the following:
	"8422. Deductions from pay; contributions for other service; deposits.".
14	(4) Restoration of annuity rights.—The
15	last sentence of section 8424(a) of title 5, United
16	States Code, is amended by striking "based." and
17	inserting "based, until the employee or Member is
18	reemployed in the service subject to this chapter.".
19	SEC. 116. RETIREMENT CREDIT FOR SERVICE OF CERTAIN
20	EMPLOYEES TRANSFERRED FROM DISTRICT
21	OF COLUMBIA SERVICE TO FEDERAL SERV-
22	ICE.
23	(a) Retirement Credit.—
24	(1) IN GENERAL.—Any individual who is treat-
25	ed as an employee of the Federal Government for
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1	purposes of chapter 83 or chapter 84 of title 5,
2	United States Code, on or after the date of enact-
3	ment of this Act who performed qualifying District
4	of Columbia service shall be entitled to have such
5	service included in calculating the individual's cred-
6	itable service under sections 8332 or 8411 of title 5,
7	United States Code, but only for purposes of the fol-
8	lowing provisions of such title:
9	(A) Sections 8333 and 8410 (relating to
10	eligibility for annuity).
11	(B) Sections 8336 (other than subsections
12	(d), (h), and (p) thereof) and 8412 (relating to
13	immediate retirement).
14	(C) Sections 8338 and 8413 (relating to
15	deferred retirement).
16	(D) Sections 8336(d), 8336(h), 8336(p),
17	and 8414 (relating to early retirement).
18	(E) Section 8341 and subchapter IV of
19	chapter 84 (relating to survivor annuities).
20	(F) Section 8337 and subchapter V of
21	chapter 84 (relating to disability benefits).
22	(2) TREATMENT OF DETENTION OFFICER SERV-
23	ICE AS LAW ENFORCEMENT OFFICER SERVICE.—Any
24	portion of an individual's qualifying District of Co-
25	lumbia service which consisted of service as a deten-

1	tion officer under section $2604(2)$ of the District of
2	Columbia Government Comprehensive Merit Per-
3	sonnel Act of 1978 (sec. 1–626.04(2), D.C. Official
4	Code) shall be treated as service as a law enforce-
5	ment officer under sections $8331(20)$ or $8401(17)$ of
6	title 5, United States Code, for purposes of applying
7	paragraph (1) with respect to the individual.
8	(3) Service not included in computing
9	AMOUNT OF ANY ANNUITY.—Qualifying District of
10	Columbia service shall not be taken into account for
11	purposes of computing the amount of any benefit
12	payable out of the Civil Service Retirement and Dis-
13	ability Fund.
14	(b) Qualifying District of Columbia Service
15	DEFINED.—In this section, "qualifying District of Colum-
16	bia service" means any of the following:
17	(1) Service performed by an individual as a
18	nonjudicial employee of the District of Columbia
19	courts—
20	(A) which was performed prior to the ef-
21	fective date of the amendments made by section
22	11246(b) of the Balanced Budget Act of 1997;
23	and
24	(B) for which the individual did not ever
25	receive credit under the provisions of sub-

1	chapter III of chapter 83 or chapter 84 of title
2	5, United States Code (other than by virtue of
3	section 8331(1)(iv) of such title).
4	(2) Service performed by an individual as an
5	employee of an entity of the District of Columbia
6	government whose functions were transferred to the
7	Pretrial Services, Parole, Adult Supervision, and Of-
8	fender Supervision Trustee under section 11232 of
9	the Balanced Budget Act of 1997—
10	(A) which was performed prior to the ef-
11	fective date of the individual's coverage as an
12	employee of the Federal Government under sec-
13	tion 11232(f) of such Act; and
14	(B) for which the individual did not ever
15	receive credit under the provisions of sub-
16	chapter III of chapter 83 or chapter 84 of title
17	5, United States Code (other than by virtue of
18	section 8331(1)(iv) of such title).
19	(3) Service performed by an individual as an
20	employee of the District of Columbia Public De-
21	fender Service—
22	(A) which was performed prior to the ef-
23	fective date of the amendments made by section
24	7(e) of the District of Columbia Courts and
25	Justice Technical Corrections Act of 1998; and

1 (B) for which the individual did not ever 2 receive credit under the provisions of sub-3 chapter III of chapter 83 or chapter 84 of title 4 5, United States Code (other than by virtue of 5 section 8331(1)(iv) of such title). 6 (4) In the case of an individual who was an em-7 ployee of the District of Columbia Department of 8 Corrections who was separated from service as a re-9 sult of the closing of the Lorton Correctional Com-10 plex and who was appointed to a position with the 11 Bureau of Prisons, the District of Columbia courts, 12 the Pretrial Services, Parole, Adult Supervision, and 13 Offender Supervision Trustee, the United States Pa-14 role Commission, or the District of Columbia Public 15 Defender Service, service performed by the indi-16 vidual as an employee of the District of Columbia 17 Department of Corrections—

18 (A) which was performed prior to the ef19 fective date of the individual's coverage as an
20 employee of the Federal Government; and

(B) for which the individual did not ever
receive credit under the provisions of subchapter III of chapter 83 or chapter 84 of title
5, United States Code (other than by virtue of
section 8331(1)(iv) of such title).

(c) CERTIFICATION OF SERVICE.—The Office of Per sonnel Management shall accept the certification of the
 appropriate personnel official of the government of the
 District of Columbia or other independent employing enti ty concerning whether an individual performed qualifying
 District of Columbia service and the length of the period
 of such service the individual performed.

8 TITLE II—SPECIAL SURVIVOR 9 INDEMNITY ALLOWANCE FOR 10 SURVIVING SPOUSES OF 11 ARMED FORCES MEMBERS

12SEC. 201. INCREASE IN MONTHLY AMOUNT OF SPECIAL13SURVIVOR INDEMNITY ALLOWANCE FOR WID-14OWS AND WIDOWERS OF DECEASED MEM-15BERS OF THE ARMED FORCES AFFECTED BY16REQUIRED SURVIVOR BENEFIT PLAN ANNU-17ITY OFFSET FOR DEPENDENCY AND INDEM-18NITY COMPENSATION.

19 Section 1450(m)(2) of title 10, United States Code,20 is amended—

(1) in subparagraph (B), by striking "\$60" and
inserting "\$95";

(2) in subparagraph (C), by striking "\$70" and
inserting "\$105";

1	(3) in subparagraph (D), by striking "\$80" and
2	inserting "\$120";
3	(4) in subparagraph (E), by striking "\$90;
4	and" and inserting "\$130;" and
5	(5) by striking subparagraph (F) and inserting
6	the following new subparagraphs:
7	"(F) for months during fiscal year 2014,
8	\$330;
9	"(G) for months during fiscal year 2015,
10	\$335; and
11	"(H) for months during fiscal year 2016
12	ending before the termination date specified in
13	paragraph (6), \$345.".

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