

104TH CONGRESS  
1ST SESSION

# H. R. 2688

To amend chapter 87 of title 5, United States Code, to provide that the reduction in additional optional life insurance for Federal retirees shall not apply if the beneficiary is permanently disabled.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 29, 1995

Mrs. MORELLA (for herself, Mr. FRAZER, Mr. LEWIS of Georgia, and Mr. LIPINSKI) introduced the following bill; which was referred to the Committee on Government Reform and Oversight

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## A BILL

To amend chapter 87 of title 5, United States Code, to provide that the reduction in additional optional life insurance for Federal retirees shall not apply if the beneficiary is permanently disabled.

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. EXCEPTION FROM PROVISIONS REQUIRING RE-**  
4 **DUCTION IN ADDITIONAL OPTIONAL LIFE IN-**  
5 **SURANCE.**

6 (a) IN GENERAL.—Subsection (c) of section 8714b  
7 of title 5, United States Code, is amended by adding at  
8 the end the following:

1       “(3)(A) The amount of additional optional insurance  
2 continued under paragraph (2) shall be continued, without  
3 any reduction under the last two sentences thereof, if—

4           “(i) at the time of retirement, there is in effect  
5 a designation under section 8705 under which the  
6 entire amount of such insurance would be paid to an  
7 individual who is permanently disabled; and

8           “(ii) an election under subsection (d)(3) on be-  
9 half of such individual is made in timely fashion.

10       “(B) Notwithstanding subparagraph (A), any reduc-  
11 tion required under paragraph (2) shall be made if—

12           “(i) the additional optional insurance is not in  
13 fact paid in accordance with the designation under  
14 section 8705, as in effect at the time of retirement;

15           “(ii) the Office finds that adequate arrange-  
16 ments have not been made to ensure that the insur-  
17 ance provided under this section will be used only  
18 for the care and support of the individual so des-  
19 ignated; or

20           “(iii) the election referred to in subparagraph  
21 (A)(ii) terminates at any time before the death of  
22 the individual who made such election.

23       “(C) For purposes of this paragraph, the term ‘per-  
24 manently disabled’ shall have the meaning given such term  
25 under regulations which the Office shall prescribe based

1 on subparagraphs (A) and (C) of section 1614(a)(3) of  
2 the Social Security Act, except that, in applying subpara-  
3 graph (A) of such section for purposes of this subpara-  
4 graph, ‘which can be expected to last permanently’ shall  
5 be substituted for ‘which has lasted or can be expected  
6 to last for a continuous period of not less than twelve  
7 months’.”.

8 (b) CONTINUED WITHHOLDINGS.—Subsection (d) of  
9 such section 8714b is amended by adding at the end the  
10 following:

11 “(3)(A) To be eligible for unreduced additional op-  
12 tional insurance under subsection (c)(3), the insured indi-  
13 vidual shall be required to elect, at such time and in such  
14 manner as the Office by regulation requires (including  
15 procedures for demonstrating compliance with the require-  
16 ments of subsection (c)(3)), to have the full cost thereof  
17 continue to be withheld from the former employee’s annu-  
18 ity or compensation, as the case may be, beginning as of  
19 when such withholdings would otherwise cease under the  
20 second sentence of paragraph (1).

21 “(B) An election made by an insured individual under  
22 subparagraph (A) (and withholdings pursuant thereto)  
23 shall terminate in the event that—

24 “(i) the insured individual—

25 “(I) revokes such election; or

1           “(II) makes any redesignation or other  
2           change in the designation under section 8705  
3           (as in effect at the time of retirement); or

4           “(ii) the Office finds, upon the application of  
5           the insured individual or on its own initiative, that  
6           any of the requirements or conditions for unreduced  
7           additional optional insurance under subsection (e)(3)  
8           are, at any time, no longer met.”.

9           (c) EFFECTIVE DATE.—

10           (1) IN GENERAL.—The amendments made by  
11           this section shall take effect on the date of the en-  
12           actment of this Act.

13           (2) ELECTION FOR CERTAIN INDIVIDUALS NOT  
14           OTHERWISE ELIGIBLE.—The Office of Personnel  
15           Management shall prescribe regulations under which  
16           an election under section 8714b(d)(3)(A) of title 5,  
17           United States Code (as amended by this Act) may  
18           be made, within 1 year after the date of the enact-  
19           ment of this Act, by any individual not otherwise eli-  
20           gible to make such an election, but only if such indi-  
21           vidual—

22           (A) separated from service on or after the  
23           first day of the 50-month period ending on the  
24           date of enactment of this Act; and

1 (B) would have been so eligible had the  
2 amendments made by this Act (and implement-  
3 ing regulations) been in effect as of the individ-  
4 ual's separation date (or, if earlier, the last day  
5 for making such an election based on that sepa-  
6 ration).

7 (3) WITHHOLDINGS.—

8 (A) PROSPECTIVE EFFECT.—If an individ-  
9 ual makes an election under paragraph (2),  
10 withholdings under section 8714b(d)(3)(A) of  
11 such title 5 shall thereafter be made from such  
12 individual's annuity or compensation, as the  
13 case may be.

14 (B) EARLIER AMOUNTS.—If, pursuant to  
15 such election, benefits are in fact paid in ac-  
16 cordance with section 8714b(e)(3) of such title  
17 5 upon the death of the insured individual, an  
18 appropriate reduction (computed under regula-  
19 tions prescribed by the Office) shall be made in  
20 such benefits to reflect the withholdings that—

21 (i) were not made (before the com-  
22 mencement of withholdings under subpara-  
23 graph (A)) by reason of the cessation of  
24 withholdings under the second sentence of  
25 section 8714b(d)(1) of such title; but

1                   (ii) would have been made had the  
2                   amendments made by this Act (and imple-  
3                   menting regulations) been in effect as of  
4                   the time described in paragraph (2)(B).

5                   (4) NOTICE.—The Office shall, by publication  
6                   in the Federal Register and such other methods as  
7                   it considers appropriate, notify current and former  
8                   Federal employees as to the enactment of this Act  
9                   and any benefits for which they might be eligible  
10                  pursuant thereto. Included as part of such notifica-  
11                  tion shall be a brief description of the procedures for  
12                  making an election under paragraph (2) and any  
13                  other information that the Office considers appro-  
14                  priate.

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