

SEC. 1132. FEDERAL EMPLOYMENT RETIREMENT CREDIT FOR
NONAPPROPRIATED FUND
INSTRUMENTALITY SERVICE.

(a) CIVIL SERVICE RETIREMENT SYSTEM- (1) Section 8332(b) of title 5, United States Code, is amended--

(A) by striking `and' at the end of paragraph (15);

(B) by striking the period at the end of paragraph (16) and inserting `; and';

(C) by inserting after paragraph (16) the following new paragraph:

`(17) service performed by any individual as an employee paid from nonappropriated funds of an instrumentality of the Department of Defense or the Coast Guard described in section 2105(c) that is not covered by paragraph (16) and that is not otherwise creditable, if the individual elects (in accordance with regulations prescribed by the Office) to have such service credited under this paragraph.';

(D) in the last sentence, by inserting `or (17)' after `service of the type described in paragraph (16)'; and

(E) by inserting after the last sentence the following: `Service credited under paragraph (17) may not also be credited under any other retirement system provided for employees paid from nonappropriated funds of a nonappropriated fund instrumentality.'.

(2) Section 8334 of such title is amended by adding at the end the following new subsection:

`(n) Notwithstanding subsection (c), no deposit may be made with respect to service credited under section 8332(b)(17).'

(3) Section 8339 of such title is amended by adding at the end the following new subsection:

`(u) The annuity of an employee retiring under this subchapter with service credited under section 8332(b)(17) shall be reduced by the amount necessary to ensure that the present value of the annuity payable to the employee is actuarially equivalent to the present value of the annuity that would be payable to the employee under this subchapter if it were

computed--

`(1) on the basis of service that does not include service credited under section 8332(b)(17); and

`(2) assuming the employee separated from service on the actual date of the separation of the employee.

The amount of the reduction shall be computed under regulations prescribed by the Office of Personnel Management for the administration of this subsection.'

(b) FEDERAL EMPLOYEES' RETIREMENT SYSTEM- (1) Section 8411 of such title is amended--

(A) in subsection (b)--

(i) by striking `and' at the end of paragraph (4);

(ii) by striking the period at the end of paragraph (5) and inserting `; and'; and

(iii) by inserting after paragraph (5) the following new paragraph:

`(6) service performed by any individual as an employee paid from nonappropriated funds of an instrumentality of the Department of Defense or the Coast Guard described in section 2105(c) that is not otherwise creditable, if the individual elects (in accordance with regulations prescribed by the Office) to have such service credited under this paragraph.'; and

(B) by adding at the end the following new subsection:

`(k)(1) The Office of Personnel Management shall accept, for the purposes of this chapter, the certification of the head of a nonappropriated fund instrumentality of the United States concerning service of the type described in subsection (b)(6) that was performed for such nonappropriated fund instrumentality.

`(2) Service credited under subsection (b)(6) may not also be credited under any other retirement system provided for employees paid from nonappropriated funds of a nonappropriated fund instrumentality.'

(2)(A) Section 8422 of such title is amended by adding at the end the following new subsection:

`(h) No deposit may be made with respect to service credited under section 8411(b)(6).'

(B) The heading for such section is amended to read as follows:

`Sec. 8422. Deductions from pay; contributions for other service'.

(C) The item relating to such section in the table of contents at the beginning of chapter 84 of title 5, United States Code, is amended to read as follows:

`8422. Deductions from pay; contributions for other service.'

(3) Section 8415 of such title is amended by adding at the end the following new subsection:

`(j) The annuity of an employee retiring under this chapter with service credited under section 8411(b)(6) shall be reduced by the amount necessary to ensure that the present value of the annuity payable to the employee under this subchapter is actuarially equivalent to the present value of the annuity that would be payable to the employee under this subchapter if it were computed--

`(1) on the basis of service that does not include service credited under section 8411(b)(6); and

`(2) assuming the employee separated from service on the actual date of the separation of the employee.

The amount of the reduction shall be computed under regulations prescribed by the Office of Personnel Management for the administration of this subsection.'

(c) APPLICABILITY- The amendments made by this section shall apply only to separations from service as an employee of the United States on or after the date of the enactment of this Act.