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(i) If OPM affirms its earlier decision, continue payments to the claimant(s) OPM originally determined to be entitled; or

(ii) If OPM reverses its earlier decision, suspend payment to the claimant(s) OPM originally determined to be entitled and immediately begin payment to the claimant(s) OPM determines to be entitled in its decision under paragraph (b) of this section. OPM will not take action to collect the overpayment until the time limit for filing an appeal has expired or the MSPB has issued a final decision on a timely appeal, whichever comes later.

Subpart D—Government Costs

SOURCE: 51 FR 47187, Dec. 31, 1986, unless otherwise noted.

§ 841.401 Purpose and scope.

(a) The purpose of this subpart is to regulate the Government contributions to the Civil Service Retirement Fund under FERS.

(b) This subpart covers—

(1) Factors considered in the computation of agency contributions under FERS;

(2) Publication of notice of the normal cost rates for each category of employees;

(3) Agency appeals of rate determinations; and

(4) Methodology for determining the amount due from each agency.

§ 841.402 Definitions.

In this subpart—

Actuary means an associate or fellow in the Society of Actuaries and one who is enrolled under section 3042 of Pub. L. 93–406, the ''Employee Retirement Income Security Act of 1974.''

Administrative expenses means the normal cost loading applicable to the administration of FERS.

Age means age, as of the beginning of the fiscal year, rounded to the nearest birthday.

Agency head means, for the executive branch agencies, the head of an executive agency as defined in 5 U.S.C. 105; for the legislative branch, the Secretary of the Senate, the Clerk of the House of Representatives, or the head of any other legislative branch agency; for the judicial branch, the Director of the Administrative Office of the United States Courts; for the Postal Service, the Postmaster General; for any other independent establishment that is an entity of the Federal Government, the head of the establishment.

Board means the Board of Actuaries of the Civil Service Retirement System.

Category of employees means a grouping of employees under § 841.403.

Child survivor termination and death rates means the rate, by age of the child, at which child survivor benefits terminate.

CSRS means subchapter III of chapter 83 of title 5, United States Code.

Death and recovery rates for disability annuitants means the rate, by age, sex, and duration on the roll, at which disability annuitants are removed from the annuity roll because of death; and the rate, by age, sex, and duration on the roll, at which disability annuitants are removed from the annuity roll because of recovery or restoration to earning capacity.

Death and remarriage rates for surviving spouses means the rate, based on the sex of the employee, age of the survivor annuitant, and the duration on the annuity roll, at which spousal survivor annuitants are removed from the annuity roll because of death; and the rate, based on the sex of the employee, age of the survivor annuitant, and the duration on the roll, at which survivor annuitants are removed from the annuity roll because of remarriage.

Death rates for non-disability annuitants means the rate, by age and sex of the annuitant, at which non- disability annuitants are removed from the annuity roll because of death.

Disability retirement rates means the rate, by age, sex, length of service, and whether the employees are eligible for social security disability benefits, at which employees retire for disability.

Duration on the roll means the number of full years on the annuity roll as of the beginning of the fiscal year.

Economic Assumptions means the assumptions used by the Board with respect to inflation, interest rates, and wage and salary growth.

Employee death rates means the rate, by age and sex of the employees and

whether the employees are survived by spouses entitled to survivor annuities, at which employees die in service.

Employees means employees as defined in section 8401(11) of title 5, United States Code, and Members, as defined in section 8401(20) of title 5, United States Code.

Family characteristics of annuitants means, based on the annuitant's age and sex, and in some cases, on the type of annuity (regular, disability, or deferred), the number and average age of child survivors at the death of the annuitant, the percentage of annuitants with an annuity reduced to provide survivor benefits, the percentage of annuitants who actually leave a surviving spouse entitled to a survivor annuity at the annuitant's death, and the average age of the surviving spouse.

Family characteristics of employees means, based on the employee's age at death and sex, the number and average age of child survivors and the average age of the surviving spouse, per death of an employee with a survivor.

FERS means chapter 84 of title 5, United States Code.

Involuntary retirement rates means, by age and sex of the employee, the rate of involuntary retirements (discontinued service and optional early retirements).

Merit salary increases means salary increases, by age and length of service, that are not general salary increases. ''Merit salary increases'' include promotions and within-grade and similar increases based in whole or in part on employee performance, but do not include comparability increases, Postal Service COLA, or similar adjustments to entire pay scales; or premium pay.

Military service rates means the fraction, by age and sex, of employees who have military service to all employees, and the average length of military service and the salary on which their deposits to receive credit for military service are based for these employees.

Normal cost percentage or *normal cost* means the entry-age normal cost of the provisions of FERS which relate to the Fund, computed by the Office in accordance with generally accepted actuarial practice and standards (using dynamic assumptions) and expressed as a level percentage of aggregate basic pay.

Service means all creditable service, including military service, rounded to the nearest number of years as of the beginning of the fiscal year.

Single agency rate means a normal cost percentage for one category of employees in one agency. A single agency rate is set under § 841.412 as a result of a successful appeal.

Voluntary retirement rates means the rate, based on the sex, age, and service of the employee, of regular longevity retirements.

Withdrawal rates means the rate at which employees leave FERS-covered service without retiring, including employees who are paid refunds and employees who take deferred retirement. These rates are of two types: ''not offset for reentry'' and ''offset for reentry.'' These rates are by age and service.

§ 841.403 Categories of employees for computation of normal cost percentages.

Normal cost percentages will be determined for each of the following groups of employees:

(a) Members;

(b) Congressional employees;

(c) Law enforcement officers, firefighters, and employees under section 302 of the Central Intelligence Agency Act of 1964 for Certain Employees;

(d) Air traffic controllers;

(e) Military reserve technicians;

(f) Employees under section 303 of the Central Intelligence Agency Act of 1964 for Certain Employees when serving abroad;

(g) All other employees.

[52 FR 25196, July 6, 1987]

§ 841.404 Demographic factors.

(a) The Office of Personnel Management (OPM) will consider the factors listed below in determining normal cost percentages. To the extent data are available for the factor by specific category of employees, such data will be used. To the extent category specific data are not available, the most relevant available data will be used.

(1) Distributions of new entrants by age, sex, and service;

(2) Withdrawal rates;

(3) Merit salary increases;
(4) Voluntary retirement rates;
(5) Involuntary retirement rates;
(6) Disability retirement rates;
(7) Employee death rates;
(8) Military service rates;
(9) Family characteristics for employees;
(10) Death rates for non-disability annuitants;
(11) Death and recovery rates for disability annuitants;
(12) Child survivor termination and death rates;
(13) Family characteristics for annuitants; and
(14) Administrative expenses.

(b) Generally, each rate, ratio, or fraction must be separately considered to determine the rates for males and their survivors and the rates for females and their survivors, except those rates for child survivors and merit salary increases.

§841.405 Economic assumptions.

The determinations of the normal cost percentage will be based on the economic assumptions determined by the Board. When an agency's case is based in whole or in part on the pattern of merit salary increases specific to the agency or to a category of employees within the agency, the Board may require modification of the economic assumptions concerning salary and wage growth to take into account the combined effect of merit and general wage and salary increases.

§841.406 Determination of normal cost percentages.

(a) OPM will determine the Government-wide normal cost percentage for each category of employees. These normal cost percentages will be used by all agencies that have not been granted a single agency rate under §841.412.

(b) Each normal cost percentage will be rounded to the nearest one-tenth of a percent.

§841.407 Notice of normal cost percentage determinations.

(a) No later than 5 years after the publication of a current notice of normal cost percentages, OPM will publish in the FEDERAL REGISTER a notice that will contain updated normal cost percentages.

(b) The notice of normal cost percentage will include a statement of—

(1) The Government-wide normal cost percentage and any single agency rates for each category of employees;

(2) The effective date of any changes made by the notice;

(3) The address for obtaining information on the data and assumptions used in computing the normal cost percentages;

(4) The time limit for submission of appeals under §841.409; and

(5) The address for filing an appeal under §841.409.

§841.408 Effective date of normal cost percentages.

(a) Except as provided in paragraph (b) of this section and in §841.412, normal cost percentages stated in a notice of normal cost percentages under §841.407 will be effective at the beginning of the first full pay period of the first fiscal year that commences at least 3 months after the date of publication of the notice.

(b) The initial normal cost percentages will be effective at the beginning of the first pay period on or after January 1, 1987.

[51 FR 47187, Dec. 31, 1986, as amended at 58 FR 43493, Aug. 17, 1993]

§841.409 Agency appeal right.

(a)(1) An agency with at least 1,000 employees in the general category of employees or 500 employees in any of the special categories may appeal to the Board the normal cost percentage for that category as applied to that agency.

(2) The Secretary of the Treasury or the Postmaster General may request the Board to reconsider a determination of the amount of any supplemental liability due from the Treasury of the United States or the United States Postal Service, respectively.

(b) No appeal will be considered by the Board unless the agency files, no later than 6 months after the date of publication of the notice of normal cost percentages under §841.407, a petition for appeal that meets *all* the requirements of §841.410.

(c) No request for reconsideration will be considered by the Board unless the Secretary of the Treasury or the Postmaster General files, no later than 6 months after the date of receipt of the notice of supplemental liability, a request for reconsideration supported by an actuarial report similar to the report described in § 841.410(c).

[52 FR 25196, July 6, 1987]

§ 841.410 Contents of petition for appeal.

(a) To file an appeal, an agency head must, before expiration of the time limit, file with OPM—

(1) A letter of appeal;

(2) An actuarial report; and

(3) A certificate of eligibility (described in paragraph (d) of this section).

(b)(1) The letter of appeal must be in writing and signed by the agency head. Delegation of signatory authority is not permitted.

(2) The letter of appeal may contain any argument the agency wishes to make or may simply submit the actuarial report for consideration.

(c) The actuarial report must contain a detailed actuarial analysis of the normal cost of FERS benefits as applied to the employees of that agency in the category of employees for which the agency is appealing the use of the Government-wide rate. The actuarial report must—

(1) Be signed by an actuary;

(2) Use the economic assumptions under §841.405; and

(3) Specifically address and consider each of the demographic factors listed in § 841.404. The appealing agency is responsible for developing data relating to the first nine demographic factors as they relate to the category of agency employees for which the appeal is being filed. Government-wide demographic factors (available from OPM) will be presumed to be sufficient and reliable for factors 10 through 13 unless the appealing agency is able to demonstrate, through sufficient and reliable data relating to its employees or former employees, the use of alternative factors is appropriate. The fourteenth factor, administrative expenses, will be supplied by OPM.

(d) The certificate of eligibility is a letter from the agency's director of personnel certifying that the agency has the requisite 1,000 or 500 in the category of employees under consideration.

§ 841.411 Appeals procedure.

(a) A Government-wide normal cost percentage is presumed to apply to all agencies. Any agency appealing application of a Government-wide normal cost percentage to any category of employees in its workforce must demonstrate to the satisfaction of the Board that the normal cost percentage for that category of employees in that agency is significantly different from the Government-wide normal cost percentage.

(b) While an agency has an appeal pending, the Government-wide normal cost percentage continues to apply to that agency.

(c) The Board cannot consider an appeal unless all the documents required for a petition for appeal under §841.410(a) are filed before expiration of the time limit for an appeal.

(d) The Board cannot sustain an appeal unless the Board finds that—

(1) The data used in the agency's actuarial analysis are sufficient and reliable (As a general rule, at least 5 years of data pertaining to any group of employees must be analyzed before the results are considered sufficient and reliable.);

(2) The assumptions used in the agency's actuarial analysis are justified;

(3) When all relevant factors are considered together, there is a demonstrated difference between the normal cost for the group at issue in the appeal and the normal cost for the same group calculated on a Government-wide basis; and

(4) The difference between the Government-wide normal cost percentage and the single agency rate would be at least 10 percent of the normal cost being appealed.

§ 841.412 Rates determined by appeal.

(a) If the Board finds that a different normal cost is warranted based on an agency appeal, it will establish a single agency rate for the category of employees in that agency.

(b) The single agency rate will be effective at the beginning of the first pay period beginning 30 days after the date of the Board's decision.

(c) A single agency rate may be higher or lower than the Government-wide rate and will remain in force for not less than 3 years.

(d) After a single agency rate has been in force for at least 3 years, OPM may—

(1) Require, no more often than annually, that the agency justify continuation of the rate; and/or

(2) When it publishes a notice of normal cost percentages under § 841.407, terminate the single agency rate.

§ 841.413 Determinations of amount due from each agency.

(a) For each pay period, each agency will determine the total amount of basic pay paid to employees in each category of employees.

(b) For each category of employees, the amount due from each agency for a pay period is the product of—

(1) The total amount of basic pay of employees in that category of employees in that agency; and

(2) The normal cost percentage.

[51 FR 47187, Dec. 31, 1986, as amended at 52 FR 25196, July 6, 1987]

APPENDIX A TO SUBPART D OF PART 841.—TABLE OF NORMAL COST PERCENTAGES

Category of employees	Government-wide normal cost percentages effective at the beginning of the first pay period commencing on or after—			
	January 1, 1987	October 1, 1987	October 1, 1991	October 1, 1994
Members	23.5	20.9	20.8	19.1
Congressional employees	23.8	20.2	20.1	18.2
Law enforcement officers, firefighters, and employees under section 302 of the Central Intelligence Agency Act of 1964 for Certain Employees	31.2	26.7	28.6	25.6
Air traffic controllers	33.3	28.4	26.2	23.2
Military reserve technicians	16.0	13.7	13.3	12.1
Employees under section 303 of the Central Intelligence Agency Act of 1964 for Certain Employees when serving abroad	22.8	19.0	19.1	17.1
All other employees	16.1	13.8	13.7	12.2

All normal cost percentages in the above table include employee contributions.

[59 FR 38101, July 27, 1994]

Subpart E—Employee Deductions and Government Contributions

SOURCE: 52 FR 2057, Jan. 16, 1987, unless otherwise noted.

§ 841.501 Purpose.

This subpart contains regulations concerning deductions from employees' pay and government contributions for FERS coverage.

§ 841.502 Definitions.

In this subpart—

Employee means employee as defined in § 842.102 of this chapter or Member as defined in section 8401(20) of title 5, United States Code.

Employee deduction means the portion of the normal cost of FERS coverage which is deducted from an employee's basic pay.

FERS means chapter 84 of title 5, United States Code.

Fund means the Civil Service Retirement and Disability Fund.

Normal cost percentage or *Normal cost* means the entryage normal cost of the provisions of FERS which relate to the Fund, computed by the Office in accordance with generally accepted actuarial practice and standards (using dynamic assumptions) and expressed as a level percentage of aggregate basic pay. Normal cost percentage or normal cost include both agency and employee contributions.

Social security means old age, survivors and disability insurance under section 3101(a) of the Internal Revenue Code of 1954.

§ 841.503 Amounts of employee deductions.

(a) Except as provided in paragraph (b) of this section, the rate of employee