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(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.