

TABLE III—FERS PRESENT VALUE FACTORS FOR AGES AT CALCULATION BELOW 40

[Applicable to annuity payable following an election under section 1043 of Public Law 104-106]

Age at calculation	Present value of a monthly annuity
17	292.3
18	291.4
19	290.3
20	289.3
21	288.1
22	286.9
23	285.7
24	284.5
25	283.1
26	281.8
27	280.4
28	279.0
29	277.5
30	275.9
31	274.3
32	272.6
33	270.9
34	269.0
35	267.1
36	265.2
37	263.2
38	261.1
39	258.9

U.S. Office of Personnel Management.

John Berry,
Director.

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OFFICE OF PERSONNEL MANAGEMENT

Federal Employees' Retirement System; Normal Cost Percentages

AGENCY: Office of Personnel Management.

ACTION: Notice.

SUMMARY: The Office of Personnel Management (OPM) is providing notice of revised normal cost percentages for employees covered by the Federal Employees' Retirement System (FERS) Act of 1986.

DATES: The revised normal cost percentages are effective at the beginning of the first pay period commencing on or after October 1, 2010. Agency appeals of the normal cost percentages must be filed no later than December 21, 2010.

ADDRESSES: Send or deliver agency appeals of the normal cost percentages and requests for actuarial assumptions and data to the Board of Actuaries, care of Gregory Kissel, Actuary, Office of Planning and Policy Analysis, Office of

Personnel Management, Room 4307, 1900 E Street, NW., Washington, DC 20415.

FOR FURTHER INFORMATION CONTACT: Christopher Ziebarth, (202) 606-0299.

SUPPLEMENTARY INFORMATION: The FERS Act of 1986, Public Law 99-335, created a new retirement system intended to cover most Federal employees hired after 1983. Most Federal employees hired before 1984 are under the older Civil Service Retirement System (CSRS). Section 8423 of title 5, United States Code, as added by the FERS Act of 1986, provides for the payment of the Government's share of the cost of the retirement system under FERS. Employees' contributions are established by law and constitute only a small fraction of the cost of funding the retirement system; employing agencies are required to pay the remaining costs. The amount of funding required, known as "normal cost," is the entry age normal cost of the provisions of FERS that relate to the Civil Service Retirement and Disability Fund (Fund). The normal cost must be computed by OPM in accordance with generally accepted actuarial practices and standards (using dynamic assumptions). Subpart D of part 841 of title 5, Code of Federal Regulations, regulates how normal costs are determined.

Recently, the Board of Actuaries of the Civil Service Retirement System concluded that there should be no change to the set of economic assumptions used in the dynamic actuarial valuations of FERS. The Board reviewed statistical data prepared by the OPM actuaries and considered trends that may affect future experience under the System.

Based on its analysis, the Board concluded that it would be appropriate to assume a rate of investment return of 6.25 percent, with no difference from the existing rate of 6.25 percent. In addition, the Board anticipated a continued inflation rate of 3.50 percent, and a continued projected rate of General Schedule salary increases at 4.25 percent. These salary increases are in addition to assumed within-grade increases that reflect past experience. The economic assumptions anticipate that, over the long term, the annual rate of investment return will exceed inflation by 2.75 percent and General Schedule salary increases will exceed long-term inflation by .75 percent a year, with no difference from the current assumptions.

The Board adopted changes in the mortality assumptions as well as changes in all the demographic assumptions listed as factors under

§ 841.404(a) of title 5, Code of Federal Regulations. In addition to the changes in mortality assumptions, the Board found that recent statutory changes, most significantly sections 1901 and 1904 of the National Defense Authorization Act for Fiscal Year 2010, Pubic Law 111-84, 123 Stat. 2109, and a recent decision of the U.S. Court of Appeals for the Federal Circuit, *Adkins v. Office of Personnel Management*, 525 F.3d 1363 (Fed. Cir. 2008), require increases in the normal costs.

The normal cost calculations depend on economic, demographic, and mortality assumptions. The demographic assumptions are determined separately for each of a number of special groups, in cases where separate experience data is available. Based on the changes in the demographic assumptions, the economic assumptions, and the other factors described above, OPM has determined the normal cost percentage for each category of employees under § 841.403 of title 5, Code of Federal Regulations. The Governmentwide normal cost percentages, including the employee contributions, are as follows:

Members	19.2%
Congressional employees	17.7%
Law enforcement officers, members of the Supreme Court Police, firefighters, nuclear materials couriers, Customs and Border Protection Officers, and employees under section 302 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees	27.0%
Air traffic controllers	26.8%
Military reserve technicians	15.3%
Employees under section 303 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (when serving abroad)	17.6%
All other employees	12.5%

Under § 841.408 of title 5, Code of Federal Regulations, these normal cost percentages are effective at the beginning of the first pay period commencing on or after October 1, 2010.

The time limit and address for filing agency appeals under §§ 841.409 through 841.412 of title 5, Code of Federal Regulations, are stated in the **DATES** and **ADDRESSES** sections of this notice.

U.S. Office of Personnel Management.

John Berry,
Director.

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