

CSRS PRESENT VALUE FACTORS APPLICABLE TO ANNUITY PAY-
 ABLE FOLLOWING AN ELECTION UNDER SECTION 1043 OF PUBLIC
 LAW 104-106 OR UNDER SECTION 1132 OF PUBLIC LAW 107-
 107 OR UNDER FERCCA—Continued

[For Ages at Calculation Below 40]

Age at calculation	Present value of a monthly annuity
31	425.9
32	421.0
33	416.0
34	410.9
35	405.7
36	400.4
37	395.0
38	389.5
39	383.9

Office of Personnel Management.

Alexys Stanley,

Regulatory Affairs Analyst.

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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, 2020.
 Agency appeals of the normal cost
 percentages must be filed no later than
 October 6, 2020.

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, Senior Actuary, Office
 of Healthcare and Insurance, Office of
 Personnel Management, Room 4316,
 1900 E Street NW, Washington, DC
 20415.

FOR FURTHER INFORMATION CONTACT:
 Karla Yeakle, (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 portion 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).
 The normal cost calculations depend on
 economic and demographic
 assumptions. Subpart D of part 841 of
 title 5, Code of Federal Regulations,
 regulates how normal costs are
 determined.

In its meeting on April 12, 2018, the
 Board of Actuaries of the Civil Service
 Retirement System (the Board)
 recommended revisions to the long term
 economic assumptions and
 recommended changes to the
 demographic assumptions used in the
 actuarial valuations of CSRS and FERS,
 based on revised regulations OPM
 published on October 25, 2017. The
 demographic assumptions include
 assumed rates of mortality, employee
 withdrawal, retirement, and merit and
 longevity pay increases. OPM has
 adopted the Board's recommendations.

The revised regulations that OPM
 published on October 25, 2017, related
 to the calculation of the FERS normal
 cost percentages and added a category of
 normal cost percentage for employees of
 the U.S. Postal Service based on
 assumptions specific to the expected
 experience of postal employees. As a
 result of the revised regulations
 requiring postal-specific rates, OPM first

established separate normal cost
 percentages for the Postal Service when
 agency contribution rates were
 previously revised, effective October 1,
 2019. Those normal cost percentages for
 Postal Service employees reflected the
 postal-specific demographic
 assumptions recommended at the
 Board's April 12, 2018 meeting, with the
 economic assumptions determined by
 the Board at its June 1, 2017 meeting.
 For all other categories of employees,
 the normal cost percentages effective
 October 1, 2019, were calculated using
 the demographic and economic
 assumptions determined by the Board at
 its June 1, 2017 meeting. The normal
 cost percentages effective October 1,
 2020, for all categories of employees are
 based on the demographic and
 economic assumptions determined by
 the Board at its April 12, 2018 meeting.

With regard to the economic
 assumptions described under section
 841.402 of title 5, Code of Federal
 Regulations, used in the actuarial
 valuations of FERS, the Board
 concluded that it would be appropriate
 to assume a rate of investment return of
 4.25 percent, a reduction of 0.25 percent
 from the existing rate of 4.50 percent. In
 addition, the Board determined that the
 assumed inflation rate should remain at
 2.50 percent, that the assumed rate of
 FERS annuitant Cost of Living
 Adjustments should remain at 80
 percent of the assumed rate of inflation,
 and that the projected rate of General
 Schedule salary increases should
 remain at 2.75 percent. These salary
 increases are in addition to assumed
 within-grade increases. These
 assumptions are intended to reflect the
 long term expected future experience of
 the Systems.

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 demographic and economic assumptions described above, OPM has determined the normal cost percentage for each category of employees under section 841.403 of title 5, Code of Federal Regulations.

Section 5001 of Public Law 112–96, The Middle Class Tax Relief and Jobs Creation Act of 2012, established provisions for FERS Revised Annuity Employees (FERS–RAE). The law permanently increases the retirement contributions by 2.30 percent of pay for these employees. Subsequently, Section

401 of Public Law 113–67, the Bipartisan Budget Act of 2013, created another class of FERS coverage, FERS–Further Revised Annuity Employee (FERS–FRAE). Employees subject to FERS–FRAE must pay an increase of 1.30 percent of pay above the retirement contribution percentage set for FERS–RAE. Separate normal cost percentages apply for employees covered under FERS–RAE and for employees covered under FERS–FRAE.

Section 211 of Title II, Division E of Public Law 116–94, the Further

Consolidated Appropriations Act of 2020, provides for separate normal cost percentages for certain members of the Capitol Police as distinct from other Congressional Employees. Prior rules provided for a combined normal cost percentage for members of the Capitol Police and other Congressional Employees.

The normal cost percentages for each category of employee, including the employee contributions, are as follows:

NORMAL COST PERCENTAGES FOR FERS, FERS-REVISED ANNUITY EMPLOYEE (RAE), AND FERS-FURTHER REVISED ANNUITY (FRAE) GROUPS

Group	FERS Normal cost (percent)	FERS-RAE normal cost (percent)	FERS-FRAE normal cost (percent)
Members	24.4	18.6	18.8
Capitol Police covered under 5 U.S.C. 8412(d) and 5 U.S.C. 8425(c)	37.1	37.6	37.8
Other Congressional employees	25.6	18.6	18.8
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	37.1	37.6	37.8
Air traffic controllers	37.0	37.5	37.7
Military reserve technicians	20.9	21.3	21.6
Employees under section 303 of the Central Intelligence Agency Retirement Act of 1964 for certain employees (when serving abroad)	25.6	26.2	26.4
Other employees of the United States Postal Service	16.5	16.9	17.1
All other regular FERS employees	18.1	18.6	18.8

Under section 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, 2020.

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

Office of Personnel Management.

Alexys Stanley,

Regulatory Affairs Analyst.

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OFFICE OF PERSONNEL MANAGEMENT

Federal Employees’ Retirement System; Present Value Factors

AGENCY: Office of Personnel Management.

ACTION: Notice.

SUMMARY: The Office of Personnel Management (OPM) is providing notice of adjusted present value factors applicable to retirees who elect to provide survivor annuity benefits to a spouse based on post-retirement

marriage, and to retiring employees who elect the alternative form of annuity or elect to credit certain service with nonappropriated fund instrumentalities. This notice is necessary to conform the present value factors to changes in the economic and demographic assumptions adopted by the Board of Actuaries of the Civil Service Retirement System.

DATES: The revised present value factors apply to survivor reductions or employee annuities that commence on or after October 1, 2020.

ADDRESSES: Send requests for actuarial assumptions and data to the Board of Actuaries, care of Gregory Kissel, Senior Actuary, Office of Healthcare and Insurance, Office of Personnel Management, Room 4316, 1900 E Street NW, Washington, DC 20415.

FOR FURTHER INFORMATION CONTACT: Karla Yeakle, (202) 606–0299.

SUPPLEMENTARY INFORMATION: Several provisions of the Federal Employees’ Retirement System (FERS) require reduction of annuities on an actuarial basis. Under each of these provisions, OPM is required to issue regulations on the method of determining the reduction to ensure that the present value of the reduced annuity plus a lump-sum equals, to the extent

practicable, the present value of the unreduced benefit. The regulations for each of these benefits provide that OPM will publish a notice in the **Federal Register** whenever it changes the factors used to compute the present values of these benefits.

Section 842.706(a) of title 5, Code of Federal Regulations, prescribes the method for computing the reduction in the beginning rate of annuity payable to a retiree who elects an alternative form of annuity under 5 U.S.C. 8420a. That reduction is required to produce an annuity that is the actuarial equivalent of the annuity of a retiree who does not elect an alternative form of annuity. The present value factors listed below are used to compute the annuity reduction under 5 CFR 842.706(a).

Section 842.615 of title 5, Code of Federal Regulations, prescribes the use of these factors for computing the reduction required for certain elections to provide survivor annuity benefits based on a post-retirement marriage or divorce under 5 U.S.C. 8416(b), 8416(c), or 8417(b). Under section 11004 of the Omnibus Budget Reconciliation Act of 1993, Public Law 103–66, effective October 1, 1993, OPM ceased collection of these survivor election deposits by means of either a lump-sum payment or installments. Instead, OPM is required