

CSRS PRESENT VALUE FACTORS APPLICABLE TO ANNUITY PAYABLE 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.

[FR Doc. 2020-07103 Filed 4-3-20; 8:45 am]

BILLING CODE 6325-38-P

**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.

[FR Doc. 2020–07105 Filed 4–3–20; 8:45 am]

BILLING CODE 6325–38–P

**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