



PAYROLL OFFICE LETTER

U. S. Office of Personnel Management

Number: P-97-07

Date: June 26, 1997

Subject: REVISED AGENCY CONTRIBUTION RATES FOR FERS

The Board of Actuaries has adopted a new set of economic assumptions for the calculation of the normal cost of the Federal Employees Retirement System (FERS). As a consequence, both the normal cost of FERS coverage and agency contributions for FERS employees will change. Normal cost is an estimate of the percentage of pay which must be contributed for a typical group of new employees over their careers in order to pay for their FERS basic benefits upon retirement.

The following table provides the revised FERS normal cost and agency contribution rates for the various types of FERS employees. Federal regulations provide that agency contributions may be changed only at the beginning of a fiscal year. Thus, the new, lower agency contribution rates will be effective with the first pay period beginning on or after **October 1, 1997**. Please note that there are no changes in the FERS employee withholding rates.

If you have any questions, please contact us on (202) 606-0666 or via email, finance@opm.gov.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert A. Yuran".

Robert A. Yuran, Chief
Financial Management Division
Retirement and Insurance Service

Enclosure

Revised Agency Contribution Rates for FERS

CATEGORY	CPDF CODE*	NORMAL COST	AGENCY CONTRIBUTION RATE (%)	EMPLOYEE WITHHOLDING RATE (%)
Military reserve technicians	N	11.9	11.1	.8
Air traffic controllers	L	23.1	21.8	1.3
Law enforcement officers, firefighters, and employees under section 302 of the Central Intelligence Agency Act of 1964 for Certain Employees	M	24.6	23.3	1.3
Employees under section 303 of the CIA Act of 1964 for Certain Employees (when serving abroad)	N/A	16.3	15.5	.8
Congressional employees	N/A	16.7	15.4	1.3
Members of Congress	N/A	16.5	15.2	1.3
All other employees	K	11.5	10.7	.8

* Central Personnel Data File