



## ***Benefits Administration Letter***

**Number: 04-306**

**Date: August 16, 2004**

Subject: Fiscal Year 2004 Factors for Calculating Imputed Costs

This Letter provides the fiscal year (FY) 2004 cost factors for the Federal civilian benefit programs. Agencies will use these factors to calculate their imputed costs relating to the “pensions” (the Civil Service Retirement and Federal Employees’ Retirement Systems), the Federal Employees Health Benefits Program and the Federal Employees Group Life Insurance Program.

Benefit Administration Letter 03-309, dated September 15, 2003, provides detailed instructions for the computation and accounting for these imputed costs; see <http://www.opm.gov/asd/htm/bal03.asp>.

### **COST FACTORS**

*Pensions.* For most Civil Service Retirement System (CSRS) covered employees, the FY 2004 cost factor will be 25.0 percent of basic pay, the same as for FY 2003. The FY 2004 cost factors for all categories of CSRS coverage are attached and unchanged from FY 2003.

For most Federal Employees Retirement System (FERS) covered employees, the FY 2004 cost factor will be 12.0 percent, also the same as for FY 2003. The cost factors for all categories of FERS coverage are attached and unchanged from FY 2003.

*Federal Employees Health Benefits Program.* For FY 2004, the cost factor is \$4,419 per enrolled employee:

<b>Quarter</b>	<b>Factor</b>
1 <sup>st</sup>	\$1,077
2 <sup>nd</sup>	1,096
3 <sup>rd</sup>	1,114
4 <sup>th</sup>	1,133
FY 2004	\$4,420

*Federal Employees Group Life Insurance Program.* The FY 2004 cost factor for the Federal

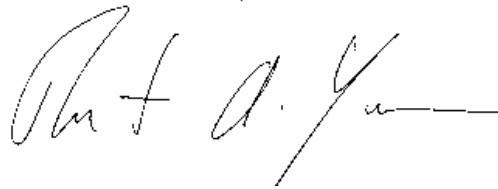
Employees Group Life Insurance Program (FEGLI) is 0.02 percent of basic pay, the same as in previous years.

#### ASSURANCE FOR AUDITORS

The cost factors provided in this letter are being issued before they can be opined upon by OPM's independent public accounting firm. Nonetheless, the FY 2003 cost factors for "regular" CSRS and FERS coverage, as well as those for the FEHB and FEGLI Programs were disclosed in the footnotes accompanying OPM's consolidated FY 2003 financial statements; these statements received an unqualified opinion. The policies, procedures and controls pertaining to the calculations of the cost factors did not change from FY 2003. In addition, the Pension and Life Program cost factors were unchanged from FY 2003. Consequently, auditors of FY 2004 financial statements can rely upon the disclosures in OPM's FY 2003 financial statements and the audit opinion thereon.

#### INQUIRIES

If you have any questions regarding this information, we would prefer that you email us at [finance@opm.gov](mailto:finance@opm.gov), so we have a record of our communication. You may also phone us on (202) 606-0606.

A handwritten signature in black ink, appearing to read "Robert A. Yuran", with a horizontal line extending from the end of the signature.

Robert A. Yuran, Manager  
Financial Policy Group  
Center for Financial Services

*2004 COST FACTORS FOR THE CSRS AND FERS*

<i>CSRS</i>	
CATEGORY	COST FACTOR (%)
Regular	25.0
Regular Offset	19.5
Law Enforcement Officers	40.3
Law Enforcement Officers - Offset	35.7
Air Traffic Controllers	33.5
Air traffic Controllers – Offset	28.7
Members of Congress	28.4
Members of Congress – Offset	26.1
Congressional Employees	33.9
Congressional Employees – Offset	28.7

<i>FERS</i>	
CATEGORY	COST FACTOR (%)
Regular	12.0
Law Enforcement Officers	25.1
Air Traffic Controllers	24.4
Members of Congress	17.7
Congressional Employees	17.9
Military Reserve Technicians	14.7