



U.S. OFFICE OF PERSONNEL MANAGEMENT
Retirement and Insurance Service

PAYROLL OFFICE LETTER

NUMBER: *P-99-14*

DATE: *May 7, 1999*

SUBJECT: *Reminder: Apply New FEGLI Withholding Rates for Daily Proration Rule*

Payroll Office Letter P-96-05 introduced the Daily Proration Rule (the Rule) for the Federal Employee’s Group Life Insurance (FEGLI) Program. The Rule governs withholdings (as well as contributions for Basic life insurance), when employees transfer at a time other than on the first day of a pay period. It requires that the amount of FEGLI withholdings and contributions be prorated between the “losing” and “gaining” payroll offices. This is to remind you, when applying the Rule, to use the revised withholdings and contribution rates presented in recent Payroll Office Letters P-99-07 and P-99-13.

For the pay period during which an employee transfers, the “losing” and “gaining” offices are each responsible for their proportionate share of FEGLI withholdings and contributions. Thus, if an employee, who works on a biweekly payroll cycle, is on the payroll of the losing office for five days and the gaining office for nine, the losing office will be responsible for five days of withholdings and contributions for that pay period and, the gaining, for nine days.

To determine proportionate share, the “losing” and “gaining” offices must both compute daily FEGLI withholding and contribution rates. This is accomplished by dividing the annualized FEGLI withholding and contribution rates by 364. [For example, to determine a daily rate for a biweekly pay period, multiply the biweekly rate by 26 and divide by 364.] Once the daily rates have been computed, they are included in the formulas below to determine the amount of withholdings and contributions for which losing and gaining offices are responsible:

BASIC AND OPTION B			
Daily rate	X	Coverage/1000	X Days on Payroll

*Civil Service
Retirement
System*

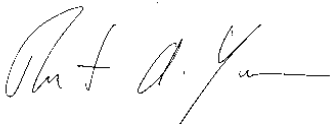
*Federal Employees
Group Life
Insurance*

*Federal Employees
Health Benefits
Program*

*Federal Employees
Retirement
System*

OPTION A AND OPTION C
Daily rate X Days on Payroll

If you have any questions concerning this information, please call us at (202) 606-0606 or send an email to finance@opm.gov.



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