

taking parental responsibility away from the biological parent.

[64 FR 72461, Dec. 28, 1999]

Subpart D—Cost of Insurance

§ 870.401 Withholdings and contributions for Basic insurance.

(a) The cost of Basic insurance is shared between the insured individual and the Government. The employee pays two thirds of the cost, and the Government pays one-third.

(b)(1) During each pay period in which an insured employee is in pay status for any part of the period, \$0.1550 must be withheld from the employee's biweekly pay for each \$1,000 of the employee's BIA. The amount withheld from the pay of an employee who is paid on other than a biweekly basis must be prorated and adjusted to the nearest one-tenth of one cent.

(2) The amount withheld from the pay of an insured employee whose annual pay is paid during a period shorter than 52 work weeks is the amount obtained by converting the biweekly rate to an annual rate and prorating the annual rate over the number of installments of pay regularly paid during the year.

(3) The amount withheld from the pay of an insured employee whose BIA changes during a pay period is based on the BIA in force at the end of the pay period.

(c) For each pay period in which an employee is insured, the employing agency must contribute an amount equal to one-half the amount withheld from the employee's pay. This agency contribution must come from the appropriation or fund that is used for the payment of the employee's pay. For an elected official, the contribution must come from the appropriation or fund that is available for payment of other salaries in the same office.

(d)(1) For an annuitant who elects to continue Basic insurance and chooses the maximum reduction of 75 percent after age 65, under § 870.702(a)(2), the amount withheld monthly is \$0.3358 for each \$1,000 of the BIA. For a compensationner who makes this election, the amount withheld weekly is \$0.0775 for each \$1,000. These withholdings stop the month after the

month in which the annuitant reaches age 65. There are no withholdings from individuals who retired or began receiving compensation before January 1, 1990, and who elected the 75 percent reduction. For the purpose of this paragraph, an individual who separates from service after meeting the requirements for an immediate annuity under 5 U.S.C. 8412(g) is considered to retire on the day before the annuity begins.

(2) For an annuitant who elects to continue Basic insurance and chooses the maximum reduction of 50 percent after age 65 under § 870.702(a)(3), the amount withheld monthly is \$0.9258 for each \$1,000 of the BIA until the month after the month in which the annuitant reaches age 65; the amount is then reduced to \$0.59 for each \$1,000. For a compensationner who makes this election, the amount withheld weekly is \$0.2175 for each \$1,000 of the BIA until age 65; the amount is then reduced to \$0.14 for each \$1,000.

(3) For an annuitant who elects to continue Basic insurance and chooses no reduction after age 65 under § 870.702(a)(4), the amount withheld monthly is \$2.3758 for each \$1,000 of the BIA until the month after the month in which the annuitant reaches age 65; the amount is then reduced to \$2.04 for each \$1,000. For a compensationner who makes this election, the amount withheld weekly is \$0.5475 for each \$1,000 of the BIA until age 65; the amount is then reduced to \$0.47 for each \$1,000.

(e)(1) For each period in which an annuitant or compensationner is insured, OPM must contribute an amount equal to one-half the amount that would be withheld under paragraph (d)(1) of this section. Exception: for USPS employees who become annuitants or compensationners after December 31, 1989, the Postal Service pays the Government contributions.

(2) The Government contribution is the same amount whether the individual elects a maximum 75 percent reduction, a maximum 50 percent reduction, or no reduction.

(3) The Government contribution stops the month after the month in which the individual reaches age 65.

(f) When an agency withholds less than or none of the proper amount of Basic life insurance deductions from an

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individual's pay, annuity, or compensation, the agency must submit an amount equal to the sum of the uncollected deduction and any applicable agency contributions required under 5 U.S.C. 8708 to OPM for deposit in the Employees' Life Insurance Fund.

[62 FR 48731, Sept. 17, 1997, as amended at 64 FR 22544, Apr. 27, 1999]

§ 870.402 Withholdings for Optional insurance.

(a) The insured individual pays the full cost of all Optional insurance. There is no Government contribution toward the cost of any Optional insurance.

(b) During each pay period in any part of which an insured employee is in pay status, the employing agency must withhold the full cost of Optional insurance from his/her pay.

(c)(1) Subject to the provisions for re-employed annuitants in §870.707, the full cost of Optional insurance must be withheld from the annuity of an annuitant and from the compensation of a compensationner.

(2) The withholdings for Option A stop the month after the month in which an annuitant or compensationner reaches age 65.

(3) For an annuitant or compensationner who elects Full Reduction for any Option B or Option C multiples, the withholdings for those multiples stop the month after the month in which he/she reaches age 65.

(4) For an annuitant or compensationner who elects No Reduction for any Option B or Option C multiples, the withholdings for those multiples continue, as long as he/she remains insured.

(d)(1) The biweekly cost per \$10,000 of Option A coverage is:

For persons under age 35	\$0.30
For persons ages 35 through 39 .....	.40
For persons ages 40 through 44 .....	.60
For persons ages 45 through 49 .....	.90
For persons ages 50 through 54	1.40
For persons ages 55 through 59	2.70
For persons ages 60 and over	6.00

(2) The amount withheld from pay, annuity, or compensation paid on other than a biweekly basis must be prorated and adjusted to the nearest cent.

(e)(1) The biweekly cost per \$1,000 of Option B coverage is:

For persons under age 35	\$0.03
For persons ages 35 through 39 .....	.04
For persons ages 40 through 44 .....	.06
For persons ages 45 through 49 .....	.10
For persons ages 50 through 54 .....	.15
For persons ages 55 through 59 .....	.31
For persons ages 60 and over .....	.70

(2) The amount withheld from pay, annuity, or compensation paid on other than a biweekly basis must be prorated and adjusted to the nearest one-tenth of 1 cent.

(f)(1) The biweekly cost of Option C for one multiple of coverage is based on the age of the employee, annuitant, or compensationner. Table 1 shows the age bands and associated cost up through age 59, effective the first day of the pay period beginning on or after April 24, 1999. The age bands 60-64, 65-69 and 70 and over, the applicable premium rates, and effective dates are shown in Table 2.

TABLE 1.

For persons under age 35	\$0.27
For persons ages 35 through 39 .....	.34
For persons ages 40 through 44 .....	.46
For persons ages 45 through 49 .....	.60
For persons ages 50 through 54 .....	.90
For persons ages 55 through 59	1.45

TABLE 2.—EFFECTIVE DATE

First pay period on or after	4/24/99	4/24/2000
For persons ages 60 through 64	2.60	2.60
For persons ages 65 through 69	2.60	3.00
For persons ages 70 and over ..	2.60	3.40

(2) The amount withheld from pay, annuity, or compensation paid on other than a biweekly basis must be prorated and adjusted to the nearest cent.

(g) For the purpose of this subpart, effective April 24, 1999, an individual is considered to reach age 35, 40, 45, 50, 55, 60, 65, or 70 on the first day of the pay period following the pay period in which his/her birthday occurs.

(h) The amount withheld from the pay of an insured employee whose annual pay is paid during a period shorter than 52 work weeks is the amount obtained by converting the biweekly rate for his/her age group to an annual rate and prorating the annual rate over the