



***Retirement and Insurance Service
Benefits Administration Letter***

Number: 02-312

Date: June 7, 2002

Subject: Changes to CSRS and FERS Contribution Rates

In FY 2003, agency payroll offices (APOs) must implement changes in the agency contribution rates for the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). In addition, the CSRS and FERS withholding rates for Members of Congress will change in January 2003.

CSRS AGENCY CONTRIBUTION RATES

P.L. 106-346, signed into law on October 23, 2000, requires that the CSRS agency contribution rate changes *two* separate times during FY 2003 for all employees, except those of the U.S. Postal Service and the Metropolitan Washington Airports Authority.

- Effective with the first day of the first pay period beginning in *October 2002*, the CSRS agency contribution rates must be reduced to 0.5 percent above the respective employee withholding rate.
- Effective with the first day of the first pay period in *January 2003*, the CSRS agency contribution rate will be reduced again to equal the employee withholding rate.

Thus, for most (or "regular") CSRS employees, the agency contribution rate will be reduced from the current 8.51 percent of basic pay to 7.5 percent in October 2002 and to 7.0 percent in January 2003. The following table summarizes the two separate changes to CSRS agency contribution rates that APOs must implement in FY 2003 for all categories of CSRS coverage:

<i>Civil Service Retirement System</i>	<i>Federal Employees' Group Life Insurance Program</i>	<i>Federal Employees Health Benefits Program</i>	<i>Federal Employees Retirement System</i>	<i>Federal Long Term Care Insurance Program</i>
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	CSRS Agency Contribution Rate (%)			
	CPDF Code	Current	Effective the first day of first pay period beginning in:	
			10/2002	1/2003
Regular	1, C, R	8.51	7.5	7.0
Air Traffic Controller	NONE	8.51	7.5	7.0
Law Enforcement Officer Firefighter	6, E, T	9.01	8.0	7.5
Capitol Police	NONE	9.01	8.0	7.5
Congressional Employee	NONE	9.01	8.0	7.5
Nuclear Materials Courier	NONE	9.01	8.0	7.5
Member of Congress Judges¹	NONE	9.51	8.5	8.0

¹ Bankruptcy, U.S. Court of Appeals for the Armed Forces, U.S. Magistrate, and Court of Federal Claims.

FERS AGENCY CONTRIBUTION RATES

The amount that agencies must contribute to the cost of the FERS-coverage of their employees is based on the normal cost of FERS (which is the actual cost to the Government to provide a FERS benefit). New FERS normal costs, effective on October 1, 2002, were announced in the Federal Register. The normal cost for most (or “regular”) FERS-covered employees will remain at 11.5 percent of basic pay, but the normal cost for other categories of FERS coverage will change. Accordingly, effective with the first day of the first pay period in *October 2002*, FERS agency contribution rates for certain categories of FERS coverage will change. The following table summarizes the changes to the FERS agency contribution rates:

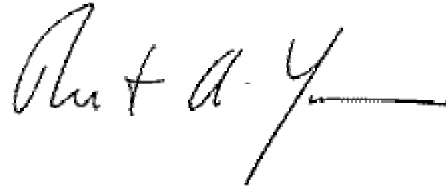
	FERS Agency Contribution Rate (%)		
	CPDF Code	Current	10/2002
Regular	K	10.7	10.7
Law Enforcement Officer Firefighter	M	23.3	22.7
Capitol Police	NONE	15.4	15.9
Nuclear Materials Courier	NONE	23.3	22.7
Air Traffic Controller	L	21.8	21.9
Military Reserve Technician	N	11.1	13.2
Employees under section 302 of the CIA Act of 1964 for certain employees (when serving abroad)	NONE	23.3	22.7
Employees under section 303 of the CIA Act of 1964 for certain employees (when serving abroad)	NONE	15.5	15.7
Member of Congress	NONE	15.2	15.8
Congressional Employee	NONE	15.4	15.9

CSRS AND FERS WITHHOLDING RATES FOR MEMBERS OF CONGRESS

Effective with the first day of the first pay period beginning in *January 2003*, the following changes must be made to the CSRS and FERS withholding rates for Members of Congress:

	Current	1/2003
CSRS	8.5	8.0
FERS	1.8	1.3

If you have any questions regarding this information, we would prefer that you email us at 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". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert A. Yuran, Chief
Financial Policy Staff
Retirement and Insurance Service