



## Benefits Administration Letter

**Number:** 11- 111

**Date:** December 22, 2011

### **Subject: Revised Present Value Factors and Discount Factors**

The Office of Personnel Management (OPM) uses present value factors in a variety of civil service retirement computations. Present value factors change periodically to conform to changes in economic assumptions and demographic factors adopted by the Board of Actuaries of the Civil Service Retirement System. Discount factors also change when the Board of Actuaries changes economic assumptions related to the expected rate of investment return earned by the retirement fund. We are issuing this Benefits Administration Letter (BAL) to inform agencies that the present value factors and the discount factors have been revised as of October 1, 2011. The revised factors were published in the Federal Register on June 3, 2011. You can access CSRS and FERS Present Value Factors Effective October 1, 2011 at <http://www.gpo.gov/fdsys/pkg/FR-2011-06-03/pdf/2011-13707.pdf>, and <http://www.gpo.gov/fdsys/pkg/FR-2011-06-03/pdf/2011-13708.pdf>.

OPM uses present value factors to compute reductions to:

- Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) retirees' benefits when the retirees elect the Alternative Form of Annuity;
- CSRS and FERS benefits with a CSRS component when the retirees elect to credit refunded service that ended before March 1, 1991, without paying the redeposit owed for the service;
- CSRS and FERS benefits when the retirees marry after retirement and elect to provide survivor annuity benefits;
- Retirees' benefits when the retirees elect to credit Nonappropriated Fund Instrumentality (NAF) service for retirement purposes under Public Law 104-106 or Public Law 107-107; and,
- Retirement benefits for individuals with certain types of retirement coverage errors who can receive credit for service by taking an actuarial reduction under the provisions of the Federal Erroneous Retirement Coverage Correction Act.

OPM also uses discount factors to compute the reduction to annuity benefits when retirees elect to credit their NAF service under either of the aforementioned public laws.

See Benefits Administration Letters 03-102, dated January 22, 2003, and 96-108, dated September 6, 1996 for details about the NAF computations.) The revised Discount Factors are attached.

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Attachment: Discount Factors Effective October 1, 2011

**Attachment: Discount Factors Chart**

Factors for Determining Reduction in a CSRS or FERS Annuity

When Individual Elects to Credit NAF Service to Qualify for Immediate CSRS/FERS Retirement Under Public Law 107-107

**Factors Derived from An Assumed 5.75% Rate of Investment Return Earned by the CSRS Fund**

*Use these factors when the annuity begins on or after 10/01/2011*

Find the factor that corresponds to the number of whole years and full months between the date the immediate retirement (with credit for NAF service) begins and the date the deferred retirement (without credit for NAF service) would normally begin.

	0 Months	1 Months	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
0 Years....	1.000000	0.995352	0.990725	0.986120	0.981537	0.976974	0.972433	0.967913	0.963414	0.958936	0.954479	0.950042
1 Year.....	0.945626	0.941231	0.936856	0.932501	0.928167	0.923853	0.919559	0.915284	0.911030	0.906795	0.902581	0.898385
2 Years...	0.894209	0.890053	0.885916	0.881798	0.877699	0.873620	0.869559	0.865517	0.861494	0.857490	0.853504	0.849537
3 Years...	0.845588	0.841658	0.837746	0.833852	0.829976	0.826118	0.822278	0.818456	0.814652	0.810865	0.807096	0.803345
4 Years...	0.799611	0.795894	0.792194	0.788512	0.784847	0.781199	0.777568	0.773954	0.770356	0.766775	0.763211	0.759664
5 Years...	0.756133	0.752618	0.749120	0.745638	0.742172	0.738722	0.735289	0.731871	0.728469	0.725083	0.721713	0.718358
6 Years...	0.715019	0.711696	0.708388	0.705095	0.701818	0.698556	0.695309	0.692077	0.688860	0.685658	0.682471	0.679299
7 Years...	0.676141	0.672998	0.669870	0.666757	0.663657	0.660573	0.657502	0.654446	0.651404	0.648376	0.645362	0.642363
8 Years...	0.639377	0.636405	0.633447	0.630503	0.627572	0.624655	0.621751	0.618861	0.615985	0.613122	0.610272	0.607435
9 Years...	0.604612	0.601801	0.599004	0.596220	0.593449	0.590690	0.587945	0.585212	0.582492	0.579784	0.577089	0.574407
10 Years...	0.571737	0.569079	0.566434	0.563801	0.561181	0.558572	0.555976	0.553392	0.550820	0.548259	0.545711	0.543174
11 Years...	0.540650	0.538137	0.535635	0.533146	0.530667	0.528201	0.525746	0.523302	0.520870	0.518448	0.516039	0.513640
12 Years...	0.511253	0.508876	0.506511	0.504157	0.501813	0.499481	0.497159	0.494848	0.492548	0.490259	0.487980	0.485712
13 Years...	0.483454	0.481207	0.478970	0.476744	0.474528	0.472322	0.470127	0.467941	0.465766	0.463601	0.461447	0.459302
14 Years...	0.457167	0.455042	0.452927	0.450822	0.448726	0.446640	0.444564	0.442498	0.440441	0.438394	0.436356	0.434328
15 Years...	0.432309	0.430300	0.428300	0.426309	0.424327	0.422355	0.420392	0.418438	0.416493	0.414557	0.412630	0.410712
16 Years...	0.408803	0.406903	0.405011	0.403129	0.401255	0.399390	0.397534	0.395686	0.393847	0.392016	0.390194	0.388380
17 Years...	0.386575	0.384778	0.382990	0.381209	0.379437	0.377674	0.375918	0.374171	0.372432	0.370701	0.368978	0.367263
18 Years...	0.365555	0.363856	0.362165	0.360482	0.358806	0.357138	0.355478	0.353826	0.352181	0.350544	0.348915	0.347293
19 Years...	0.345679	0.344072	0.342473	0.340881	0.339297	0.337719	0.336150	0.334587	0.333032	0.331484	0.329943	0.328410
20 Years...	0.326883	0.325364	0.323851	0.322346	0.320848	0.319356	0.317872	0.316395	0.314924	0.313460	0.312003	0.310553
21 Years...	0.309109	0.307673	0.306242	0.304819	0.303402	0.301992	0.300588	0.299191	0.297800	0.296416	0.295038	0.293667
22 Years...	0.292302	0.290943	0.289591	0.288245	0.286905	0.285572	0.284244	0.282923	0.281608	0.280299	0.278996	0.277699
23 Years	0.276408	0.275124	0.273845	0.272572	0.271305	0.270044	0.268789	0.267539	0.266296	0.265058	0.263826	0.262600
24 Years	0.261379	0.260164	0.258955	0.257751	0.256553	0.255361	0.254174	0.252992	0.251816	0.250646	0.249481	0.248321
25 Years	0.247167	0.246018	0.244875	0.243736	0.242604	0.241476	0.240353	0.239236	0.238124	0.237017	0.235916	0.234819

