



## ***Benefits Administration Letter***

**Number: 15-304**

**Date: June 2015**

### **Subject: Fiscal Year 2015 Cost Factors for Calculating Imputed Costs**

This Letter provides the fiscal year (FY) 2015 cost factors for the Federal civilian benefit programs. Agencies will use these factors to calculate their imputed costs relating to the Civil Service Retirement System (CSRS), the Federal Employees Retirement System (FERS), the Federal Employees Health Benefits Program (FEHB) and the Federal Employees' Group Life Insurance Program (FEGLI). The imputed costs are used to determine the actuarial liabilities which are included in Governmental financial statements.

Benefits Administration Letter (BAL) 03-309, dated September 15, 2003, provides detailed instructions for the computation and accounting for imputed costs related to the Federal civilian benefit programs; see <http://www.opm.gov/retire/pubs/bals/2003/03-309.pdf> for more information.

### **COST FACTORS**

***Pensions.*** The economic assumptions used to calculate the FY 2015 cost factors under Statement of Federal Financial Accounting Standard (SFFAS) 33: *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates* are based on 10-year historical averages. These economic assumptions differ from those established by OPM under guidance from the CSRS Board of Actuaries for the determination of certain statutory funding payments for CSRS and FERS.

For most CSRS-covered employees, the FY 2015 cost factor is 33.4 percent of basic pay. The FY 2015 cost factors for all categories of CSRS coverage are attached. While agency payments under CSRS are not affected by the CSRS normal cost percentages for the vast majority of agencies, the CSRS normal cost percentages determined under SFFAS 33 are used to determine the actuarial liabilities which are included in Governmental financial statements.

The FY 2015 cost factors reported in this BAL also differ from the normal cost percentages used to determine the employer contributions agencies pay for FERS employees. For most FERS-covered employees, the FY 2015 cost factor is 14.8 percent of basic pay. The cost factors for all categories of FERS coverage are attached. Since the cost factors reported under SFFAS 33 are determined on a *different* basis than are the actual FERS normal cost contributions, agencies should expect to continue to report future imputed retirement costs for their FERS employees.

**FEHB Program.** For FY 2015, the cost factor is \$5,469 per enrolled employee. Please note that the cost factors shown below are based on the actuarial assumptions required by SFFAS 33, as calculated by the FEHB actuary.

Quarter	Factor
1 <sup>st</sup>	\$1,346
2 <sup>nd</sup>	1,360
3 <sup>rd</sup>	1,374
4 <sup>th</sup>	1,389
FY 2015	\$5,469

**FEGLI Program.** The FY 2015 cost factor for the FEGLI is 0.02 percent of basic pay, the same as in previous years.

#### STATEMENT FOR AUDITORS

The FY 2015 cost factors provided in this letter are being issued before an opinion by OPM's independent public accounting firm can be received for FY 2015. Nonetheless, the FY 2014 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 2014 financial statements. These statements received an unqualified audit opinion. The policies, procedures and controls pertaining to the calculations of the FY 2015 cost factors did not change from FY 2014. Consequently, auditors of FY 2015 financial statements can rely upon the disclosures in OPM's FY 2014 financial statements and the related audit opinion.

#### INQUIRIES

If you have any questions regarding this information, feel free to email us at [FinancialBALs@opm.gov](mailto:FinancialBALs@opm.gov). You may also phone us at (202) 606-0606.

Kolo Babagana  
Acting Associate Chief Financial Officer  
Financial Services

Attachment

*2015 COST FACTORS FOR THE CSRS AND FERS*

<b>CSRS</b>	
<b>CATEGORY</b>	<b>COST FACTOR (%)</b>
Regular	33.4
Regular Offset	24.5
Law Enforcement Officers	57.7
Law Enforcement Officers - Offset	49.5
Air Traffic Controllers	52.8
Air Traffic Controllers – Offset	44.8
Members of Congress	41.6
Members of Congress – Offset	38.3
Congressional Employees	46.8
Congressional Employees – Offset	38.5

<b>FERS</b>	
<b>CATEGORY</b>	<b>COST FACTOR (%)</b>
Regular	14.8
Law Enforcement Officers	32.8
Air Traffic Controllers	34.6
Members of Congress	23.1
Congressional Employees	21.0
Military Reserve Technicians	19.2

***FERS-Revised Annuity Employees (RAE)***

<b>CATEGORY</b>	<b>COST FACTOR (%)</b>
Regular - RAE	15.4
Law Enforcement Officers - RAE	33.5
Air Traffic Controllers - RAE	35.2
Military Reserve Technicians - RAE	19.6

***FERS-Further Revised Annuity Employees (FRAE)***

<b>CATEGORY</b>	<b>COST FACTOR (%)</b>
Regular - RAE	15.5
Law Enforcement Officers - RAE	33.6
Air Traffic Controllers - RAE	35.3
Military Reserve Technicians - RAE	19.7