



Benefits Administration Letter

Number: 11-305

Date: August, 2011

Subject: Fiscal Year 2011 Factors for Calculating Imputed Costs

This Letter provides the fiscal year (FY) 2011 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) which are used to determine the actuarial liabilities which are included in Governmental financial statements. By way of review, FY 2010 marked the implementation of *Statement of Federal Financial Accounting Standards 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* (SFFAS 33), which resulted in significant changes to the actuarial assumptions for the benefit programs.

Benefits Administration Letter 03-309, dated September 15, 2003, provides detailed instructions for the computation and accounting for these imputed costs; see <http://www.opm.gov/retire/pubs/bals/2003/03-309.pdf>.

COST FACTORS

Pensions. SFFAS 33 required a change to the long term economic assumptions used in the reporting of actuarial liabilities for CSRS and FERS beginning in FY 2010. OPM's retirement actuary has determined that the retirement cost factors for FY 2011 are the same as for FY 2010 since the actuarial assumptions have not changed. Agencies should apply these retirement cost factors with the year-end financial reporting.

These cost factors, determined under SFFAS 33, differ from the normal cost percentages used to determine the employer contributions agencies pay for FERS employees. We note that there will be an increase in employer contributions that agencies pay for FERS employees beginning in FY 2012 – please see BAL 11-304 for details. However, agencies should expect to continue to report future imputed retirement costs for their FERS employees, as the cost factors reported under SFFAS 33 are determined on a *different* basis than are the actual FERS normal cost contributions.

For most CSRS-covered employees, the FY 2011 cost factor is 30.1 percent of basic pay. The FY 2011 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.

For most FERS-covered employees, the FY 2011 cost factor is 13.8 percent of basic pay. Due to the change in actuarial assumptions required with the FY 2010 implementation of SFFAS 33, **agencies will need to calculate an imputed cost for FERS**. The cost factors for all categories of FERS coverage are attached.

FEHB Program. For FY 2011 the cost factor is \$6,027 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 st	\$1,466
2 nd	1,493
3 rd	1,520
4 th	1,548
FY 2011	\$6,027

FEGLI Program. The FY 2011 cost factor for the FEGLI is 0.02 percent of basic pay, the same as in previous years.

STATEMENT FOR AUDITORS

The cost factors provided in this letter are being issued before an opinion by OPM's independent public accounting firm can be received for FY 2011. Nonetheless, the FY 2010 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 2010 financial statements; these statements received an unqualified audit opinion. The policies, procedures and controls pertaining to the calculations of the cost factors did not change from FY 2010. In addition, the Retirement and Life Insurance Program cost factors were unchanged from FY 2010. Consequently, auditors of FY 2011 financial statements can rely upon the disclosures in OPM's FY 2010 financial statements and the related audit opinion.

INQUIRIES

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

Attachment

Emily Dean
Associate Chief Financial Officer
Financial Services

2011 COST FACTORS FOR THE CSRS AND FERS

<i>CSRS</i>	
CATEGORY	COST FACTOR (%)
Regular	30.1
Regular Offset	23.5
Law Enforcement Officers	51.1
Law Enforcement Officers - Offset	45.6
Air Traffic Controllers	46.6
Air Traffic Controllers – Offset	41.4
Members of Congress	33.4
Members of Congress – Offset	31.2
Congressional Employees	41.3
Congressional Employees – Offset	35.9

<i>FERS</i>	
CATEGORY	COST FACTOR (%)
Regular	13.8
Law Enforcement Officers	29.8
Air Traffic Controllers	29.6
Members of Congress	20.9
Congressional Employees	19.6
Military Reserve Technicians	17.0