

Office of Personnel Management
Retirement and Insurance Service



1920



1954



1959



1986

Benefits Administration Letter

Number: 97-103

Date: February 19, 1997

SUBJECT: Potential Retirement Changes Related to the Budget

This is to update you on the status of possible changes in the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), as contained in the Administration's budget proposal. No changes in CSRS or FERS have been enacted. We will inform you of any significant developments.

Retirement

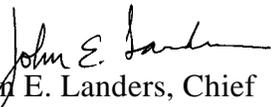
The President's recently submitted budget proposal to the Congress included CSRS and FERS changes as follows:

- There would be a temporary increase of 1.51% in agency contributions for CSRS only. This provision would take effect in October 1997, and would apply through September 2002. The Postal Service, Metropolitan Washington Airports Authority, and the District of Columbia government would not be subject to the increased agency payments.
- CSRS and FERS employee deductions (in all agencies) would be increased by 0.25% in January 1999, by an additional 0.15% in January 2000, and by 0.1% more in January 2001, for a total increase of 0.5%. These higher contribution rates would be in effect through 2002; in January of 2003, contribution rates would return to the levels in effect in December of 1998.
- The Omnibus Budget Reconciliation Act of 1993 provided that, through 1996, retirement COLA increases which would have applied to January payments were delayed until April of each year. The President's budget proposal would, if enacted, delay COLAs in this way for the period from 1998 through

2002. This would not change how COLAs are computed, or reduce the amount of any COLA. The only change would be that, from 1998 through 2002, the retirement COLA increase that would have been included in the January checks each year will be included in the April checks instead.

Health Benefits and Life Insurance

The Administration's budget proposal would not make any changes in Federal Employees Health Benefits or Federal Employees Group Life Insurance.


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