



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

Number: 02-316

Date: September 26, 2002

Subject: Federal Employees' Group Life Insurance: New Premiums and Age Bands

The purpose of this Letter is to provide important changes to FEGLI Option B and C age bands and to withholdings and contributions rates. All the changes discussed in the Letter are effective with the first day of the first pay period in calendar year 2003.

NEW AGE BANDS

Agency payroll offices must add new age bands for Option B and C coverage:

For Option B, the following age bands must be added:

Current	New
60 and above	60-64
	65-69
	70-74
	75-79
	80 and over

For Option C, the following age bands must be added:

Current	New
70 and above	70-74
	75-79
	80 and over

NEW WITHHOLDINGS AND CONTRIBUTIONS

Basic Life Insurance.

For *employees*, the new withholding and contribution rates are, as follows:

	Per \$1,000 of coverage	
	Biweekly	Monthly
Withholdings	0.1500	0.3250
Contributions	0.0750	0.1625

For *retirees*, the monthly withholding rates for “50% Reduction” and “No Reduction” Basic life insurance coverage will change, as follows:

	Election	Withholding Rate [\$ per \$1,000 of coverage]	
		Before age 65	First month after age 65
<i>No change</i>	75 percent reduction	.3250	Free
<i>New rate</i>	50 percent reduction	.9250 [.3250+.60]	.60
<i>New Rate</i>	No reduction	2.1550 [.3250+1.83]	1.83

Option A. There will be no changes to Option A withholding rates.

Option B. Withholding rates for Option B will be as follows:

	Age Band	Withholding Rate [\$ per \$1,000 of coverage]	
		Biweekly	Monthly
<i>No change</i>	Under 35	0.03	0.065
<i>No change</i>	35-39	0.04	0.087
<i>No change</i>	40-44	0.06	0.130
<i>New rate</i>	45-49	0.09	0.195
<i>New rate</i>	50-54	0.14	0.303
<i>New rate</i>	55-59	0.28	0.607
<i>New band</i>	60-64	0.60	1.300
<i>New band</i>	65-69	0.71	1.538
<i>New band</i>	70-74	0.87	1.885
<i>New band</i>	75-79	1.07	2.318
<i>New band</i>	80 and over	1.27	2.752

We will issue BALs in the fall of 2003 and 2004 to announce the employee withholdings for these new age bands for 2004 and 2005, respectively.

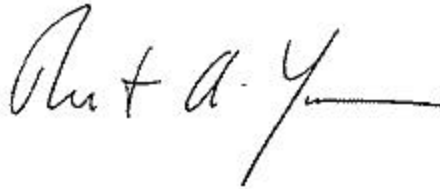
Option C. Withholding rates for Option C will be as follows:

	Age Band	Withholding Rate [\$ per multiple]	
		Biweekly	Monthly
<i>No change</i>	Under 35	0.27	0.59
<i>No change</i>	35-39	0.34	0.74
<i>No change</i>	40-44	0.46	1.00
<i>No change</i>	45-49	0.60	1.30
<i>No change</i>	50-54	0.90	1.95
<i>No change</i>	55-59	1.45	3.14
<i>No change</i>	60-64	2.60	5.63
<i>No change</i>	65-69	3.00	6.50
<i>New band</i>	70-74	3.40	7.37
<i>New band</i>	75-79	4.50	9.75
<i>New band</i>	80 and over	6.00	13.00

Note above that there will be no changes to the withholding rates for any existing age bands.

This BAL is being issued in conjunction with BAL 02-209 dated September 25, 2002.

If you have any questions about the matters discussed in this letter, we would prefer that you email them to us at finance@opm.gov, so that we may retain a record of them. You may also call us on (202) 606-0606.



Robert A. Yuran, Chief
Financial Policy Staff