



**Retirement and Insurance Service**  
**Financial Management Letter**

**Number: F-99-08**

**Date: September 30, 1999**

**Subject: Accounting for and Reporting Imputed Costs**

In Financial Management Letter F-99-06, we discussed two principal causes for the difficulties we experienced at the end of fiscal year 1998 in reconciling the intragovernmental transactions related to the Federal employee benefit programs with employing agencies. We would like to present a third, and also apparently wide-spread, cause for these difficulties: the incorrect accounting for and reporting of "imputed costs".

For the Civil Service Retirement System, the Federal Employees Health Benefits Program, and Federal Employees Life Insurance Program, imputed costs are the excess of the costs actually incurred by employing agencies for covered employees over the total contributions made by and for covered employees.

For example, the cost incurred in 1998 by employing agencies for "regular" CSRS coverage was 24.2 percent of basic pay -- this was the "cost factor" furnished in Financial Management Letter F-98-07. On the other hand, only 14 percent of basic pay was actually contributed by and for regular CSRS-covered employees in 1998. Thus, employing agencies should have recognized the difference between 24.2 and 14 percent of basic pay [*10.2 percent of the basic pay of the covered employees*] as an *imputed cost*. Since the cost of FERS is fully funded by the contributions by and for covered employees, employing agencies had no FERS-related imputed costs.

Thus, if an agency had 20 regular CSRS covered employees during 1998, who were paid \$2 million of basic pay, that agency's imputed cost would have been \$204,000 [*\$2 million times 10.2%*].

Agencies must record imputed costs related to the Retirement, Health Benefits, and Life Insurance Programs as a charge to Standard General Ledger (SGL) account 6730G – *Imputed Cost* and a corresponding credit to SGL account 5780G - *Imputed Financing Sources*. If this entry is posted correctly, the balance on the books of the employing agency in the accounts 6730G and 5780G will be equal. It is critical that you ensure that the balances in these accounts are equal before submitting your 1999 FACTS reporting.

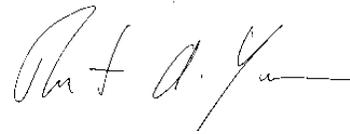
Based on the example above, the illustrative agency would post the following entry to record its imputed cost related to CSRS coverage:

6730G (00) Imputed Cost	204,000
5780G (00) Imputed Financing Sources	204,000

<i>Civil Service</i>	<i>Federal Employees</i>	<i>Federal Employees</i>	<i>Federal Employees</i>
<i>Retirement</i>	<i>Group Life</i>	<i>Health Benefits</i>	<i>Retirement</i>
<i>System</i>	<i>Insurance</i>	<i>Program</i>	<i>System</i>

Note the “00” in the above illustrative entry. For SGL accounts designated as “G” [intragovernmental], agencies are required to use the two-digit department code of their “trading partner” for FACTS reporting. In 1998, some agencies used the OPM partner code “24” as the two-digit trading partner when reporting to FACTS the balances in accounts 5780G and 6730G. This is incorrect and contributed to intragovernmental account balance elimination difficulties!! It is *essential*, when reporting the balances in accounts 5780G and 6730G to FACTS, that agencies use partner code “00”, NOT “24”.

For further information, see the Intragovernmental Fiduciary Transactions Accounting Guide at [www.fms.treas.gov/cfs/dev/index.html](http://www.fms.treas.gov/cfs/dev/index.html). If you have any questions, please call us on 202-606-0606 or email us at [finance@opm.gov](mailto:finance@opm.gov).



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*Civil Service  
Retirement  
System*

*Federal Employees  
Group Life  
Insurance*

*Federal Employees  
Health Benefits  
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