



Benefits Administration Letter

Number 14 - 113

Date: 10-1-14

Subject: Revised Present Value Factors and Discount Factors

The Office of Personnel Management (OPM) uses present value factors in a variety of civil service retirement computations. Present value factors change periodically to conform to changes in economic assumptions and demographic factors adopted by the Board of Actuaries of the Civil Service Retirement System. Discount factors also change when the Board of Actuaries changes economic assumptions related to the expected rate of investment return earned by the retirement fund. We are issuing this Benefits Administration Letter (BAL) to inform agencies that the present value factors and the discount factors have been revised as of October 1, 2014. The revised factors were published in the Federal Register on May 21, 2014. You can access CSRS and FERS Present Value Factors Effective October 1, 2014 at <https://www.federalregister.gov/articles/2014/05/21/2014-11762/civil-service-retirement-system-present-value-factors>, and <https://www.federalregister.gov/articles/2014/05/21/2014-11756/federal-employees-retirement-system-present-value-factors>

OPM uses present value factors to compute reductions to:

- Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) retirees' benefits when the retirees elect the Alternative Form of Annuity;
- CSRS and FERS benefits with a CSRS component when the retirees elect to credit refunded service that ended before March 1, 1991, without paying the redeposit owed for the service;
- CSRS and FERS benefits when the retirees marry after retirement and elect to provide survivor annuity benefits;
- Retirees' benefits when the retirees elect to credit Nonappropriated Fund Instrumentality (NAF) service for retirement purposes under Public Law 104-106 or Public Law 107-107; and,
- Retirement benefits for individuals with certain types of retirement coverage errors who can receive credit for service by taking an actuarial reduction under the provisions of the Federal Erroneous Retirement Coverage Correction Act.

OPM also uses discount factors to compute the reduction to annuity benefits when retirees elect to credit their NAF service under either of the aforementioned public laws.

See Benefits Administration Letters 03-102, dated January 22, 2003, and 96-108, dated September 6, 1996 for details about the NAF computations.) The revised Discount Factors are attached

Kenneth J. Zawodny Jr.
Associate Director,
Retirement Services

Attachments: Discount Factors Effective October 1, 2014