



PAYROLL OFFICE LETTER

U. S. Office of Personnel Management

Number: P-98-13

Date: November 20, 1998

SUBJECT: REVISED CSRS AND FERS WITHHOLDING RATES

In Payroll Office Letter P-97-10, we informed you of the three-step increase in the rates of employee withholdings for Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) covered employees required by Public Law 105-33. The purpose of this letter is to remind you that the first of the three increases in CSRS and FERS withholdings is *effective with the first pay period beginning on or after January 1, 1999.*

The increase in the employee withholding rates, for all categories of CSRS and FERS coverage, will be implemented as follows:

Effective Date of Increase <i>(first pay period beginning on or after)</i>	Increase (%)
January 1, 1999	+0.25
January 1, 2000	+0.15
January 1, 2001	+0.10

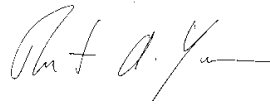
On January 1, 2003, the withholding rates for CSRS and FERS will revert back to the current rates.

Please also remember that there will be *NO* reduction in the agency contribution rates for CSRS or FERS covered employees to correspond with the increase in FERS and CSRS withholding rates. Thus, for "regular" CSRS employees, the contribution rate will remain

at 8.51% of basic pay; and, for “regular” FERS-covered employees, the contribution rate will also remain at the current rate of 10.7% of basic pay, as noted in Payroll Office Letter P-97-07.

For your convenience, we have provided the revised CSRS and FERS withholding rates on the following tables. Please reference these tables to update your systems and inform your personnel of the upcoming rate increases.

If you have any questions on this matter, please call us on (202) 606-0667 or via email, finance@opm.gov.

A handwritten signature in black ink, appearing to read "Robert A. Yuran". The signature is written in a cursive style with a horizontal line at the end.

Robert A. Yuran
Chief, Financial Policy Staff
Retirement and Insurance Service

Attachment

REVISED CSRS EMPLOYEE WITHHOLDING RATES

Category	CPDF Code	Percentage of Basic Pay (%)
Regular	1	7.25
Regular offset*	C,R	1.05
Law enforcement officers	6	7.75
Law enforcement officers - offset*	E,T	1.55
Air traffic controllers	N/A	7.75
Air traffic controllers - offset*	N/A	1.55
Members of Congress	N/A	8.25
Members of Congress - offset*	N/A	2.05
Congressional employees	N/A	7.75
Congressional employees - offset*	N/A	1.55

* For Offset employees, the withholding amount is a percentage of basic pay equal to the full CSRS deduction rate for their category of coverage minus the current OASDI rate of 6.20%. [e.g., Regular offset rate calculated as follows: (7.25%) - (6.20%) = 1.05%]. When total basic pay reaches the Social Security maximum taxable wage, the withholding rate reverts to the full CSRS withholding rate.

REVISED FERS EMPLOYEE WITHHOLDING RATES

Category	CPDF Code	Percentage of Basic Pay (%)
Military reserve technicians	N	1.05
Air traffic controllers	L	1.55
Law enforcement officers, firefighters, and employees under section 302 of the CIA Act of 1964 for Certain Employees	M	1.55
Employees under section 303 of the CIA Act of 1964 for Certain Employees (when serving abroad)	N/A	1.05
Congressional employees	N/A	1.55
Members of Congress	N/A	1.55
All other employees	K	1.05