



## ***Benefits Administration Letter***

**Number: 19-304**

**Date: February 2019**

### **Subject: Fiscal Year 2019 Federal Employee Benefits Cost Factors for Calculating Imputed Costs**

In prior fiscal years (FY) OPM has issued two Benefits Administration Letters (BALs), the Cost Factors for Calculating Imputed Cost and the Federal Employees Benefits Cost Factors. Beginning with FY 2019 we are combining both BALs.

This letter provides the FY 2019 cost factors for the Federal civilian benefit programs. Agencies will use these factors to calculate their imputed costs relating to the Civil Service Retirement System (CSRS), the Federal Employees Retirement System (FERS), the Federal Employees Health Benefits Program (FEHB) and the Federal Employees' Group Life Insurance Program (FEGLI). The imputed costs are used to determine the actuarial liabilities which are included in Governmental financial statements.

Benefits Administration Letter (BAL) 03-309, dated September 15, 2003, provides detailed instructions for the computation and accounting for imputed costs related to the Federal civilian benefit programs; see <http://www.opm.gov/retire/pubs/bals/2003/03-309.pdf> for more information.

### **COST FACTORS**

***Pensions.*** The economic assumptions used to calculate the FY 2019 cost factors under Statement of Federal Financial Accounting Standard (SFFAS) 33: *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates* are based on 10-year historical averages. These economic assumptions differ from those established by OPM under guidance from the CSRS Board of Actuaries for the determination of certain statutory funding payments for CSRS and FERS.

The FY 2019 cost factors for all categories of CSRS coverage are attached. While agency payments under CSRS are not affected by the CSRS normal cost percentages for the vast majority of agencies, the CSRS normal cost percentages determined under SFFAS 33 are used to

determine the actuarial liabilities which are included in Governmental financial statements.

The FY 2019 cost factors reported in this BAL differ from the normal cost percentages used to determine the employer contributions agencies pay for FERS employees. The cost factors for all categories of FERS coverage are attached. Since the cost factors reported under SFFAS 33 are determined on a *different* basis than are the actual FERS normal cost contributions, agencies should expect to continue to report future imputed retirement costs for their FERS employees.

**FEHB Program.** Beginning this fiscal year, we are providing the FEHB cost factors for the United States Postal Service as well as the cost factors for the remainder of the Government in this letter. For FY 2019, the Non-Postal cost factor is \$7,268.00 and the Postal cost factor is \$8,018.00 per enrolled employee. Please note that the cost factors shown below are based on the actuarial assumptions required by SFFAS 33, as calculated by the FEHB actuary.

<b>Non-Postal</b>	
Quarter	Factor
1 <sup>st</sup>	\$1,787
2 <sup>nd</sup>	1,807
3 <sup>rd</sup>	1,827
4 <sup>th</sup>	1,847
FY 2019	\$7,268

<b>Postal</b>	
Quarter	Factor
1 <sup>st</sup>	\$1,971
2 <sup>nd</sup>	1,993
3 <sup>rd</sup>	2,015
4 <sup>th</sup>	2,038
FY 2019	\$8,018

**FEGLI Program.** The FY 2019 cost factor for the FEGLI is 0.02 percent of basic pay, the same as in previous years.

#### STATEMENT FOR AUDITORS

The FY 2019 cost factors provided in this letter are being issued before an opinion by OPM's independent public accounting firm can be received for FY 2019. Nonetheless, the FY 2019 cost factors for "regular" CSRS and FERS coverage, as well as those for the FEHB and FEGLI Programs are consistent with the disclosures in the footnotes accompanying OPM's consolidated FY 2018 financial statements. These statements received an unqualified audit opinion. The policies, procedures and controls pertaining to the calculations of the FY 2019 cost factors did not change from FY 2018. Consequently, auditors of FY 2019 financial statements can rely upon the disclosures in Office of Personnel Management's FY 2018 financial statements and the related audit opinion.

## INQUIRIES

If you have any questions regarding this information, feel free to email us at [FinancialBALs@opm.gov](mailto:FinancialBALs@opm.gov). You may also phone us at (202) 606-0606.

Tonya R. Johnson  
Associate Chief Financial Officer  
Financial Services

Attachment

*Attachment*

*2019 COST FACTORS FOR THE CSRS AND FERS*

<b>CSRS</b>	
<b>CATEGORY</b>	<b>COST FACTOR (%)</b>
Regular Non-Postal	38.4
Regular Offset Non-Postal	28.8
Regular Postal Service	33.1
Regular Offset Postal Service	23.7
Law Enforcement Officers	62.3
Law Enforcement Officers - Offset	53.4
Air Traffic Controllers	51.0
Air Traffic Controllers – Offset	43.8
Members of Congress	42.4
Members of Congress – Offset	39.2
Congressional Employees	52.1
Congressional Employees – Offset	43.0

<b>FERS</b>	
<b>CATEGORY</b>	<b>COST FACTOR (%)</b>
Regular Non-Postal	16.9
Regular Postal Service	15.4
Law Enforcement Officers	34.9
Air Traffic Controllers	34.6
Members of Congress	23.4

<b>Congressional Employees</b>	<b>24.0</b>
<b>Military Reserve Technicians</b>	<b>20.0</b>

<b><i>FERS-Revised Annuity Employees (RAE)</i></b>	
<b>CATEGORY</b>	<b>COST FACTOR (%)</b>
<b>Regular Non-Postal – RAE</b>	<b>17.3</b>
<b>Regular Postal Service – RAE</b>	<b>15.9</b>
<b>Law Enforcement Officers - RAE</b>	<b>35.4</b>
<b>Air Traffic Controllers - RAE</b>	<b>35.1</b>
<b>Military Reserve Technicians - RAE</b>	<b>20.4</b>

<b><i>FERS-Further Revised Annuity Employees (FRAE)</i></b>	
<b>CATEGORY</b>	<b>COST FACTOR (%)</b>
<b>Regular Non- Postal – FRAE</b>	<b>17.6</b>
<b>Regular Postal Service– FRAE</b>	<b>16.1</b>
<b>Law Enforcement Officers - FRAE</b>	<b>35.6</b>
<b>Air Traffic Controllers - FRAE</b>	<b>35.2</b>
<b>Military Reserve Technicians - FRAE</b>	<b>20.6</b>

