



**Retirement and Insurance Service
Benefits Administration Letter**

Number: 05-102

Date: February 28, 2005

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 you that the present value factors and the discount factors have been revised as of October 1, 2004. The revised factors are attached.

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 October 1, 1990, 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

<i>Civil Service Retirement System</i>	<i>Federal Employees' Group Life Insurance Program</i>	<i>Federal Employees Health Benefits Program</i>	<i>Federal Employees Retirement System</i>	<i>Long Term Care Insurance Program</i>
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Administration Letters 03-102, dated January 22, 2003, and 96-108, dated September 6, 1996 for details about the NAF computations.)



Raymond J. Kirk, Manager

Benefits Officers Training and Development Group

Attachments

1. CSRS PRESENT VALUE FACTORS EFFECTIVE OCTOBER 1, 2004
2. FERS PRESENT VALUE FACTORS EFFECTIVE OCTOBER 1, 2004
3. DISCOUNT FACTORS EFFECTIVE OCTOBER 1, 2004

CSRS PRESENT VALUE FACTORS EFFECTIVE 10/01/2004

USE THESE FACTORS WHEN THE ANNUITY BEGINS ON OR AFTER 10/01/2004

Age At Retirement	Present Value Factor
40	277.6
41	274.7
42	272.1
43	269.1
44	265.0
45	260.0
46	255.1
47	250.8
48	245.9
49	240.3
50	234.8
51	230.2
52	225.9
53	221.4
54	216.8
55	211.9
56	207.2
57	202.3
58	197.6
59	193.1
60	188.7
61	183.7
62	178.3
63	173.2
64	168.2
65	163.0

Age At Retirement	Present Value Factor
66	157.9
67	153.1
68	148.0
69	142.8
70	138.0
71	133.1
72	128.0
73	123.1
74	118.4
75	113.5
76	108.2
77	103.2
78	98.2
79	93.1
80	88.4
81	83.6
82	78.4
83	73.7
84	69.5
85	65.8
86	62.0
87	57.9
88	54.0
89	50.7
90	47.2

FERS PRESENT VALUE FACTORS EFFECTIVE 10/01/2004
REGULAR EMPLOYEE GROUPS
(WHOSE ANNUITIES WILL NOT BE SUBJECT TO COLAS BEFORE AGE 62)
USE THESE FACTORS WHEN THE ANNUITY BEGINS ON OR AFTER 10/01/2004

Age At Retirement	Present Value Factor
40	185.6
41	185.3
42	185.2
43	184.9
44	184.1
45	182.8
46	181.6
47	180.7
48	179.5
49	177.9
50	176.4
51	175.4
52	174.7
53	174.1
54	173.3
55	172.5
56	171.8
57	171.2
58	170.7
59	170.5
60	170.5
61	170.1
62	167.5
63	163.0
64	158.5
65	154.0

Age At Retirement	Present Value Factor
66	149.4
67	145.1
68	140.5
69	135.9
70	131.5
71	127.0
72	122.4
73	118.0
74	113.6
75	109.0
76	104.1
77	99.5
78	94.9
79	90.1
80	85.7
81	81.1
82	76.2
83	71.8
84	67.8
85	64.2
86	60.6
87	56.7
88	52.9
89	49.7
90	46.4

FERS PRESENT VALUE FACTORS EFFECTIVE 10/01/2004
SPECIAL EMPLOYEE GROUPS
(WHOSE ANNUITIES ARE SUBJECT TO COLAS BEFORE AGE 62)

USE THESE FACTORS WHEN THE ANNUITY BEGINS ON OR AFTER 10/01/2004

Age At Retirement	Present Value Factor
40	249.1
41	245.8
42	242.5
43	239.0
44	235.4
45	231.8
46	227.9
47	223.9
48	219.8
49	215.5
50	211.7
51	208.3
52	204.7
53	201.1
54	197.3
55	193.5
56	189.5
57	185.4
58	181.2
59	176.9
60	172.6
61	168.2
62	167.5
63	163.0
64	158.5
65	154.0

Age At Retirement	Present Value Factor
66	149.4
67	145.1
68	140.5
69	135.9
70	131.5
71	127.0
72	122.4
73	118.0
74	113.6
75	109.0
76	104.1
77	99.5
78	94.9
79	90.1
80	85.7
81	81.1
82	76.2
83	71.8
84	67.8
85	64.2
86	60.6
87	56.7
88	52.9
89	49.7
90	46.4

BAL 05- 102 Attachment 3 - DISCOUNT FACTORS EFFECTIVE OCTOBER 1, 2004

Discount Factors Chart

Factors for Determining Reduction in a CSRS or FERS Annuity

When Individual Elects to Credit NAF Service to Qualify for Immediate CSRS/FERS Retirement Under Public Law 107-107

Factors Derived from an Assumed 6.25% Rate of Investment Return Earned by the CSRS Fund

Use these factors when the annuity begins on or after 10/01/2004

Find the factor that corresponds to the number of whole years and full months between the date the immediate retirement (with credit for NAF service) begins and the date the deferred retirement (without credit for NAF service) would normally begin.

	0 Months	1 Months	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
0 Years....	1.000000	.994961	.989947	.984958	.979995	.975056	.970143	.965254	.960389	.955550	.950734	.945943
1 Year.....	.941176	.936434	.931715	.927019	.922348	.917700	.913075	.908474	.903896	.899341	.894809	.890300
2 Years...	.885813	.881349	.876908	.872489	.868092	.863718	.859365	.855034	.850726	.846439	.842173	.837929
3 Years...	.833706	.829505	.825325	.821166	.817028	.812911	.808814	.804738	.800683	.796648	.792633	.788639
4 Years...	.784665	.780711	.776777	.772862	.768967	.765092	.761237	.757401	.753584	.749786	.746008	.742249
5 Years...	.738508	.734787	.731084	.727400	.723734	.720087	.716458	.712848	.709255	.705681	.702125	.698587
6 Years...	.695067	.691564	.688079	.684611	.681161	.677729	.674314	.670915	.667535	.664171	.660824	.657494
7 Years...	.654180	.650884	.647604	.644340	.641093	.637862	.634648	.631450	.628268	.625102	.621952	.618817
8 Years...	.615699	.612596	.609509	.606438	.603382	.600341	.597316	.594306	.591311	.588331	.585366	.582416
9 Years...	.579481	.576561	.573656	.570765	.567889	.565027	.562180	.559347	.556528	.553723	.550933	.548157
10 Years...	.545394	.542646	.539911	.537191	.534483	.531790	.529110	.526444	.523791	.521151	.518525	.515912
11 Years...	.513312	.510726	.508152	.505591	.503043	.500508	.497986	.495477	.492980	.490495	.488024	.485564
12 Years...	.483117	.480683	.478261	.475850	.473453	.471067	.468693	.466331	.463981	.461643	.459316	.457002
13 Years...	.454699	.452407	.450128	.447859	.445602	.443357	.441123	.438900	.436688	.434487	.432298	.430119
14 Years...	.427952	.425795	.423650	.421515	.419390	.417277	.415174	.413082	.411000	.408929	.406869	.404818
15 Years...	.402778	.400748	.398729	.396720	.394720	.392731	.390752	.388783	.386824	.384875	.382935	.381005
16 Years...	.379085	.377175	.375274	.373383	.371502	.369629	.367767	.365914	.364070	.362235	.360409	.358593
17 Years...	.356786	.354988	.353199	.351419	.349649	.347887	.346133	.344389	.342654	.340927	.339209	.337500
18 Years...	.335799	.334107	.332423	.330748	.329081	.327423	.325773	.324131	.322498	.320872	.319255	.317647
19 Years...	.316046	.314453	.312869	.311292	.309723	.308162	.306610	.305064	.303527	.301998	.300476	.298962
20 Years...	.297455	.295956	.294465	.292981	.291504	.290035	.288574	.287119	.285673	.284233	.282801	.281376
21 Years...	.279958	.278547	.277143	.275747	.274357	.272974	.271599	.270230	.268868	.267513	.266165	.264824
22 Years...	.263490	.262162	.260841	.259526	.258218	.256917	.255622	.254334	.253053	.251777	.250509	.249246