



United States Office of Personnel Management
Retirement Services

Benefits Administration Letters

Number: 24-102

Date: October 12, 2023

Subject: Revised Present Value Factors and Discount Factors Effective October 1, 2023

We are issuing this Benefits Administration Letter (BAL) to notify agencies that the present value factors and discount factors have been amended as of October 1, 2023.

Several statutory provisions of the Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) require that certain annuities to be reduced on an actuarial basis. The Office of Personnel Management (OPM) calculates the actuarial reductions required by law using present values. The actuarial reductions permissible by statute enables annuitants to obtain benefits without being compelled to pay a deposit or redeposit for sum owed to the Civil Service Retirement and Disability Fund (Fund). Instead of providing a lump-sum deposit or redeposit, OPM reduces the annuity in such a way that OPM can collect the amount owed to the Civil Service Retirement and Disability Fund through the annuitant's lifetime. The actuarial reduction becomes a permanent reduction in the annuitant's benefit.

Background

The actuarial reduction is applied to the annuitant's benefit indefinitely. The amount of the reduction is determined by the individual's age and the amount of the required deposit or redeposit. OPM calculates an actuarial reduction by dividing the amount owed by the present value factor for the individual's retirement age. The Civil Service Retirement System's Board of Actuaries updates present value factors regularly to

reflect changes in the economic assumptions and demographic trends. When the Board of Actuaries recommends changes in economic assumptions relating to the expected rate of investment return produced by the Fund, discount factors change as well.

You can access [CSRS](#) and the [FERS](#) Present Value Factors, effective October 1, 2023.

Purpose

The revised present value factor applies to survivor reductions or employee annuities that commence on or after October 1, 2023.

OPM uses present value factors to compute the actuarial reduction applied to the following benefits:

- CSRS and FERS retirees' benefits when retirees elect the alternative form of annuity.
- CSRS and FERS benefits when retirees marry after retirement and elect to provide survivor annuity benefits.
- CSRS benefits and FERS benefits with a CSRS component when retirees elect to credit refunded service that ended before March 1, 1991 without paying the redeposit owed for that service.
- CSRS and FERS benefits when retiree elects to credit Non-appropriated Fund Instrumentality (NAFI) service for retirement purposes.
- 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 Corrections Act (FERCCA), and
- Annuities payable to survivors of deceased separated FERS employees.

Basic Employee Death Benefit (BEDB)

The factors for computing the FERS BEDB installment payments remains unchanged. For deaths occurring on or after October 1, 2021, each installment is equal to 2.94259 percent of the amount of the BEDB lump sum amount.

Discount Factors for Crediting NAFI Service

The discount factors used for determining the reduction in a CSRS or FERS annuity when an individual elects to credit NAFI service to qualify for immediate CSRS or FERS retirement have not changed and are effective as of October 1, 2023.

Deceased Separated FERS Employee Survivor Annuity

There is a change to the factors used when processing a benefit for the spouse of a deceased separated FERS employee who elects an earlier commencing date for payment of the survivor annuity effective October 1, 2023.

Revised Factors

The factors for CSRS and FERS differ. The new factors are found in the following attachments:

- Attachment 1 – CSRS Factors for alternative annuities, post-retirement marriages, redeposits, NAFI election when the individual is age 40 or older and FERCCA actuarial reductions over age 40.
- Attachment 2 – FERS Factors for alternative annuities, post-retirement marriages and NAFI elections when the individuals is age 40 or older.
- Attachment 3 – CSRS and FERS Factors for NAFI elections when the individual is under age 40 and FERCCA under age 40.
- Attachment 4 – FERS Present Value Conversion Factors for deceased separated employee cases
- Attachment 5 – NAFI Discount Factors

Effective Dates:

- For the purpose of computing actuarial reductions for alternative annuities, FERCCA actuarial reductions, and redeposits for refunded CSRS service before March 1, 1991, the new present value factors should be used if the annuity commences on or after October 1, 2023.
- For the purpose of computing the actuarial reduction for post-retirement survivor reductions, use the new factors for survivor reductions effective on or after October 1, 2023. annuity payments.

- For the purposes of computing NAFI cases, use the new discount factors if the computation under [5 C.F.R. § 847.603](#) is on or after October 1, 2023. Note: The NAFI Discount Factors chart remains unchanged.
- For the purpose of computing annuities payable to survivors of deceased separated FERS employees, use the new factors for deaths on or after October 1, 2023.

Sincerely,

Margaret Pearson
Associate Director
Retirement Services

Attachment: Revised Factors