



**Retirement and Insurance Service
 Payroll Office Letter**

Number: P-00-32

Date: November 14, 2000

SUBJECT: ROLLBACK OF CSRS AND FERS WITHHOLDINGS RATES

P.L. 106-346, signed by the President on October 23, 2000, rolls back CSRS and FERS withholdings rates for all employees, other than Members of Congress, to those in effect before 1999. The new lower rates will be effective on the first day of the first pay period beginning on or after *January 1, 2001*. [The 0.1 percent increase in CSRS and FERS withholdings rates will be effective in January 2001 *only* for Members of Congress.]

EMPLOYEE WITHHOLDINGS

For your convenience, the following charts provide the CSRS and FERS withholding rates that will be effective on the first day of the first pay period beginning on or after *January 1, 2001*:

FULL CSRS	Withholding Rate (%)
"Regular" employees	7.0
Law enforcement officers, firefighters, Capitol police, Congressional employees, and nuclear materials couriers	7.5
Judges [<i>Bankruptcy, U.S. Court of Appeals for the Armed Forces, U.S. Magistrates, and Court of Federal Claims</i>]	8.0
Members of Congress	8.5

FERS AND CSRS OFFSET	Withholding Rate (%)
"Regular" employees	0.8
Law enforcement officers, firefighters, Capitol police, Congressional employees, nuclear materials couriers, and FERS-covered Air Traffic Controllers	1.3
Members of Congress and CSRS offset-covered Judges [<i>Bankruptcy, U.S. Court of Appeals for the Armed Forces, U.S. Magistrates, and Court of Federal Claims</i>]	1.8

AGENCY CONTRIBUTIONS

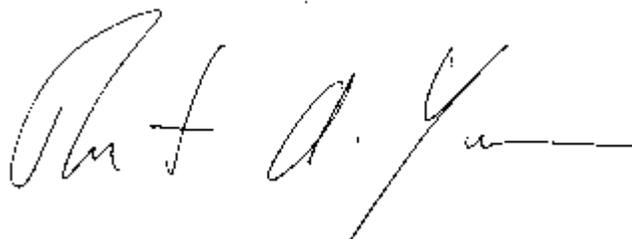
P.L. 106-346 does not immediately reduce the agency contribution rate for CSRS-covered employees. Rather, the contribution rate for "regular" CSRS employees will remain 8.51 percent of basic pay through September 2002. Effective with the first day of the first pay period in October 2002, however, the CSRS agency contribution rates will be reduced to 0.5 percent above the employee withholding rates. Then, on the first day of the first pay period in January 2003, the CSRS agency contribution rate will revert to that in effect before 1999. [The Postal Service and Metropolitan Washington Airports Authority will continue to use the agency contribution rates in effect before 1999.]

For your convenience, the following chart shows the CSRS agency contribution rates that are in effect currently, in October 2002, and in January 2003:

	CSRS Agency Contribution Rate (%)		
	Current	10/2002	1/2003
Regular employees	8.51	7.5	7.0
Law enforcement officers, firefighters, Capitol police, Congressional employees, and nuclear materials couriers	9.01	8.0	7.5
Members of Congress, Judges <i>[Bankruptcy, U.S. Court of Appeals for the Armed Forces, U.S. Magistrates, and Court of Federal Claims]</i>	9.51	8.5	8.0

INQUIRIES

If you have any questions about the matters discussed in this letter, we would prefer that you email them to us at finance@opm.gov, so that we may retain a record of them. You may also call us on (202) 606-0606.



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