

memorandum

DATE: November 22, 2000

REPLY TO:
ATTN OF: AD-442:Dicks

SUBJECT: **ROLLBACK OF CSRS AND FERS WITHHOLDING RATES**

TO: All ORO, OSTI, and NNSA-OR Employees

On October 23, 2000, the President signed P.L. 106-346 which rolls back Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) withholding rates for all employees, other than Members of Congress, to those in effect before 1999. The new lower rate will be effective on the first day of the first pay period beginning on or after January 1, 2001.

You may remember that on August 5, 1997, the President signed P.L. 105-33, "The Balanced Budget Act of 1997." That legislation contained provisions to temporarily change the agency contribution rate for the Civil Service Retirement System and the employee withholding rate for both the CSRS and FERS over a 3-year period. The first increase to employee withholding rates was effective January 1, 1999 (increasing both CSRS and FERS by 0.25 percent). The second increase was effective January 1, 2000 (increasing both CSRS and FERS by 0.15 percent). The third increase was to be effective January 1, 2001. However, with the "rollback," regular employees covered by full CSRS will have a withholding rate of 7 percent. Regular employees covered by FERS and CSRS Offset will have a withholding rate of 0.8 percent. The current withholding rates for CSRS and FERS/CSRS Offset are 7.40 percent and 1.20 percent, respectively.

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.

This decrease in the withholding rates will be automatic for all employees. If you have any questions regarding this change in withholding rates, please contact your Personnel Staffing Specialist.



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