

## Increases to the FERS Contribution Rate

The 2013 Bipartisan Budget Act made additional increases to the FERS contribution rate. Subsection 401(b) requires that newly hired employees under FERS contribute an additional 1.3 percentage points of pay beginning January 1, 2014, for a total of 4.4 percentage points. Subsection 401(c) also requires that employing agencies continue their contributions at the current level in order to pay down the deficit in the Civil Service Retirement Fund, which at the close of fiscal year 2011 was \$761 billion. Once the unfunded liability is eliminated, agency contributions will be determined on the basis of ensuring the full normal cost of the retirement benefit is paid into the CSRDF on an accrual basis. Unfortunately, the Defense Finance and Accounting Service and the Defense Civilian Personnel Advisory Service have not implemented the new contribution rates for 2014. Once official guidance is provided by the Office of Personnel Management the payroll adjustments will be finalized. Employees should understand that the correct percentage is not being deducted and they will be indebted for the additional amount.



*Questions?*

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