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OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 870

RIN 3206-AJ46

Federal Employees' Group Life Insurance Program: Removal of Premiums and Age Bands From Regulations

AGENCY: Office of Personnel Management.

ACTION: Final rule.

SUMMARY: The Office of Personnel Management (OPM) is issuing a final rule to remove the premiums and age bands from the Federal Employees' Group Life Insurance (FEGLI) regulations. This allows OPM to make necessary premium changes on a more timely basis.

EFFECTIVE DATE: November 13, 2003.

FOR FURTHER INFORMATION CONTACT: Karen Leibach, (202) 606-0004.

SUPPLEMENTARY INFORMATION: On April 9, 2003, OPM published a proposed rule in the *Federal Register* (68 FR 17315) to remove the premiums and age bands from the FEGLI regulations. OPM will announce future premium changes in a *Federal Register* notice and will maintain the rates on the FEGLI Web site (www.opm.gov/insure/life). This will simplify the process for making premium changes when necessary and allow for changes to be made in a more timely manner.

We received no comments on the proposed regulatory change.

Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities because the regulation only affects life insurance benefits of Federal employees and retirees.

Executive Order 12866, Regulatory Review

This rule has been reviewed by the Office of Management and Budget in accordance with Executive Order 12866.

List of Subjects in 5 CFR Part 870

Administrative practice and procedure, Government employees, Hostages, Iraq, Kuwait, Lebanon, Life insurance, Retirement.

Office of Personnel Management.

Kay Coles James,
Director.

■ Accordingly, OPM is amending 5 CFR part 870 as follows:

PART 870—FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM

■ 1. The authority citation for part 870 is revised to read as follows:

Authority: 5 U.S.C. 8716; subpart J also issued under sec. 599C, Pub. L. 101-513, 104 Stat. 2064, as amended; § 870.302(a)(3)(ii) also issued under sec. 153, Pub. L. 104-134, 110 Stat. 1321; § 870.302(a)(3) also issued under sections 11202(f), 11232(e), and 11246(b) and (c) of Pub. L. 105-33, 111 Stat. 251 and sec. 7(e), Pub. L. 105-274, 112 Stat. 2419.

Subpart D—Cost of Insurance

■ 2. In § 870.401, revise paragraphs (a), (b)(1), and (d) to read as follows:

§ 870.401 Withholdings and contributions for Basic insurance.

(a)(1) The cost of Basic insurance is shared between the insured individual and the Government. The employee pays two-thirds of the cost, and the Government pays one-third.

(2) When OPM makes any adjustment to the Basic life insurance premium, it will issue a public notice in the *Federal Register*.

(b)(1) During each pay period in which an insured employee is in pay status for any part of the period, the employee's share of the premium must be withheld from the employee's biweekly pay. The amount withheld from the pay of an employee who is paid on other than a biweekly basis must be computed and adjusted to the nearest one-tenth of one cent.

* * * * *

(d)(1) For an annuitant or compensationner who elects to continue Basic insurance and chooses the maximum reduction of 75 percent after

age 65 under § 870.702(a)(2), the annuitant's share of the premium is withheld monthly and the compensationner's share is withheld every 4 weeks. These withholdings stop the month after the month in which the annuitant or compensationner reaches age 65. There are no withholdings from individuals who retired or began receiving compensation before January 1, 1990, and who elected the 75 percent reduction. For the purpose of this paragraph, an individual who separates from service after meeting the requirements for an immediate annuity under 5 U.S.C. 8412(g) is considered to retire on the day before the annuity begins.

(2) An annuitant or compensationner who elects to continue Basic insurance and chooses either the reduction election of 50 percent or the election of no reduction after age 65 under § 870.702(a)(3) or (4) pays an additional premium for the 50 percent or no reduction election. This additional premium is withheld for each \$1,000 of the BIA. At age 65, the Basic premium will stop, but the annuitant or compensationner must continue to pay the additional premium for either the 50 percent or the no reduction election.

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■ 3. Revise § 870.402 to read as follows:

§ 870.402 Withholdings for Optional insurance.

(a)(1) The insured individual pays the full cost of all Optional insurance. There is no Government contribution toward the cost of any Optional insurance.

(2) Optional insurance premiums are based on 5-year age bands beginning at age 35. The last age band for Option A is age 60+. The last age band for Options B and C is 80+. For the purpose of this subpart, effective April 24, 1999, an individual is considered to reach the next age band the 1st day of the pay period following the pay period in which his/her birthday occurs.

(3) When OPM makes any adjustment to the Optional life insurance premiums, it will issue a public notice in the *Federal Register*.

(b) During each pay period in any part of which an insured employee is in pay status, the employing agency must withhold the full cost of Optional insurance from his/her pay.

(c)(1) Subject to the provisions for reemployed annuitants in § 870.707, the