

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## OFFICE OF PERSONNEL MANAGEMENT

### 5 CFR Parts 831, 839, 841, 842, and 847

RIN 3206-AN22

#### Federal Employees' Retirement System; Government Costs

**AGENCY:** Office of Personnel Management.

**ACTION:** Proposed rule.

**SUMMARY:** This rule proposes to amend its regulations to clarify the manner for determining a supplemental liability, the process by which the United States Postal Service (USPS) and the United States Department of the Treasury (Treasury) may request reconsideration of OPM's valuation of the supplemental liability, and to make associated changes. OPM also proposes to amend its regulations to clarify the employee categories it will use to compute the normal cost percentages.

**DATES:** We must receive your comments by February 21, 2017.

**ADDRESSES:** You may submit comments, identified by docket number and/or RIN number 3206-AN22 by any of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *Email:* [combox@opm.gov](mailto:combox@opm.gov). Include RIN number 3206-AN22 in the subject line of the message.
- *Mail:* Roxann Johnson, Retirement Policy, Retirement Services, Office of Personnel Management, 1900 E Street NW., Washington, DC 20415-3200.

**FOR FURTHER INFORMATION CONTACT:** Roxann Johnson, (202) 606-0299.

**SUPPLEMENTARY INFORMATION:** OPM's determination of the Federal Employees' Retirement System (FERS) normal cost percentage necessary to fund the Civil Service Retirement and Disability Fund (CSRDF) is subject to appeal by agencies with at least 1,000 employees in the general category of employees or 500 employees in any of the special category of employees, and the Secretary of the

Treasury or the Postmaster General may request the Board of Actuaries reconsider the amount determined to be payable with respect to any supplemental liability in accordance with 5 U.S.C. 8423(c) and 5 CFR 841.409. Sections 841.401 through 841.411 establish the time limits and requirements for an agency appeal of OPM's determination of a normal cost percentage. However, these regulations do not include detailed requirements for the contents of a USPS or a Treasury request for reconsideration of the amount payable with respect to a supplemental liability. Therefore, OPM proposes to include new regulations under 5 CFR part 841 that clarify the process by which the Secretary of the Treasury and the U.S. Postmaster General may file a request for the Board of Actuaries of the Civil Service Retirement System to reconsider an amount determined to be payable to the CSRDF with respect to a supplemental liability.

OPM also proposes to amend its definition of "actuary" in 5 CFR 841.402. The current definition is limited to "an associate or fellow in the Society of Actuaries and one who is enrolled under section 3042 of Public Law 93-406, the Employee Retirement Income Security Act of 1974" (ERISA). OPM believes this definition no longer reflects professional standards generally required of an actuary for this subpart, and that the current regulatory definition is overly narrow because it works to exclude knowledgeable and experienced actuaries who may not be enrolled under ERISA, but who are well qualified to issue statements of opinion with regard to the CSRDF. As a result, OPM proposes to amend the definition of "actuary" under 5 CFR 841.402 to include those who are qualified under actuarial standards of practice in the United States and who have the experience and knowledge to issue a statement of opinion with regard to defined benefit retirement plans.

Additionally, OPM proposes to amend its regulations under 5 CFR 841.403 to make clear that it determines separate normal cost percentages for employees covered under FERS, FERS Revised Annuity Employees (FERS-RAE), and FERS Further Revised Annuity Employees (FERS-FRAE) in compliance with section 5001 of the

Creation Act of 2012," Public Law 112-96, 126 Stat. 199 (Feb. 22, 2012), and section 401 of the "Bipartisan Budget Act of 2013," Public Law 113-67, 127 Stat. 1165 (Dec. 26, 2013). This legislation defined FERS-RAE and FERS-FRAE employees for whom increased retirement deductions apply, which results in increased outlays from the CSRDF in refund and lump-sum payments of employee contributions. For that reason, the normal cost percentages for FERS-RAE and FERS-FRAE employees are expected to exceed the normal cost percentages for other FERS employees. The legislation also reduced the benefit accrual rates for Members and Congressional employees (other than Capitol Police) subject to FERS-RAE and FERS-FRAE, resulting in lower associated normal cost percentages. To ensure regulations reflect current statutory language, OPM proposes to amend 5 CFR 841.403 to clearly establish separate normal cost percentages for FERS, FERS-RAE and FERS-FRAE employees within each employee category listed under 5 CFR 841.403.

Also under 5 CFR 841.403, OPM proposes to clarify that it will include members of the Capitol Police as "Congressional Employees" for purposes of deriving separate normal cost percentages for this employee group. OPM includes members of the Capitol Police with Congressional employees when deriving the normal cost percentages for this employee group because, in part, 5 U.S.C. 2107(4), defines "a member or employee of the Capitol Police" as "a Congressional employee." The Middle Class Tax Relief and Job Creation Act of 2014 eliminated for FERS-RAE and FERS-FRAE employees the higher annuity accrual rates for Congressional employees provided under 5 U.S.C. 8415(c) (*see* 5 U.S.C. 8415(d)), but did not eliminate the higher annuity accrual rates under 5 U.S.C. 8415(e) for members of the Capitol Police subject to FERS-RAE and FERS-FRAE. The annuity benefits of members of the Capitol Police are more closely comparable to another of the special employee groups (law enforcement officers, whose annuities are computed under 5 U.S.C. 8415(e)) for the purpose of determining their FERS normal cost percentage. However, because a member of the Capitol Police is not within the FERS definition of

“law enforcement officer” at 5 U.S.C. 8401(17), members of the Capitol Police are not included in the special category of “law enforcement officers” under 5 U.S.C. 8423(a)(1)(B) and, therefore, are not subject to the normal cost percentage applicable to that group. The only special category listed in 5 U.S.C. 8423(a)(1)(B) that does apply to members of the Capitol Police is “Congressional employees.” Thus, despite the fact that the other Congressional employees subject to FERS–RAE and FERS–FRAE do not receive enhanced annuity accrual rates, OPM must include Capitol Police in the Congressional employee normal cost percentage calculation under 5 U.S.C. 8423(a)(1)(B). Therefore, OPM proposes to amend 5 CFR 841.403(b) to reflect all Congressional employees including members of the Capitol Police in determining the FERS, FERS–RAE and FERS–FRAE normal cost percentages for the “Congressional Employees” category.

OPM proposes to amend 5 CFR 841.403 to also include U.S. Postal Service employees as a separate category for which OPM will derive normal cost percentages. OPM has determined a government-wide normal cost percentage for each category of employee, and USPS employees have been included in the category of either “all other employees” or “law enforcement officer” under 5 CFR 841.403(c) and (g). In reviewing a request of the USPS for reconsideration under 5 U.S.C. 8423(c), the Board of Actuaries of the Civil Service Retirement System has recommended OPM to consider that the supplemental liability under 5 U.S.C. 8423(b)(1)(B), and the normal cost percentage for USPS employees who do not fall under the category of “law enforcement officer” at 5 CFR 841.403(c), be calculated using USPS-specific assumptions regarding demographic factors, rather than government-wide demographic assumptions. Because of the separate United States Postal Service funding provisions established the under 5 U.S.C. 8423(b), OPM is proposing regulations to provide for the use of USPS-specific assumptions regarding demographic factors in the calculation of the USPS supplemental liability and in the determination of the normal cost percentage for Postal Service employees who do not fall under the category of “law enforcement officer.” OPM proposes and amends 5 CFR 841.414, which will provide specific guidance on the calculation of the supplemental liability; and OPM proposes to add employees of the USPS,

who are not “law enforcement officers” under 5 CFR 841.403(c), as a separate category for which OPM will derive normal cost percentages under 5 CFR 841.403.

OPM also proposes to add sections 841.415 through 841.417. These sections would establish the procedures and requirements for a request for reconsideration of a supplemental liability determination filed by the Secretary of the Treasury or the Postmaster General. Under § 841.417, the actuarial analysis submitted with the request must demonstrate a difference in the supplemental liability of at least 2 percent of the present value of future benefits calculated in OPM’s computation of the supplemental liability. The Board of Actuaries recommended that the threshold to sustain a request for reconsideration be set as a difference in present value of future benefits. OPM’s actuaries tested the effect of what might be considered substantive changes in the demographic assumptions and produced results within a range of 0 percent to a decrease of 5.9 percent. As a result, OPM has decided that a reasonable threshold requirement for the Board of Actuaries to sustain a request for reconsideration of a supplemental liability is 2 percent of the present value of future benefits.

Additionally, OPM proposes to refine its definitions of *present value factor* and *actuarial present value* under 5 CFR parts 831, 839, 842, and 847 to ensure that these definitions are uniform and appropriate. Several provisions of the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS) require reduction of annuities on an actuarial basis. For example, OPM applies the present value factors to:

1. Retirees who elect to provide survivor annuity benefits to spouses based on post-retirement marriages;
2. Retiring employees who elect the alternative form of annuity;
3. Employees who owe certain redeposits based on refunds of contributions for service ending before March 1, 1991;
4. Employees who elect to credit certain service with nonappropriated fund instrumentalities; and
5. Retirees with certain types of retirement coverage errors who can elect to receive credit for service by taking an actuarial reduction under the provisions of the Federal Erroneous Retirement Coverage Correction Act (FERCCA).

Specifically, OPM proposes to clarify, under 5 CFRs 831.303, 831.603, 831.2202, 839.102, 842.602, 842.702, and 847.103, that the present value factors are computed by using a

composite of sex-distinct factors based upon mortality assumptions for annuitant populations. The factors reflect an increase in benefit payments at an assumed rate of cost-of-living adjustment, where appropriate. OPM proposes to remove § 847.602, which currently provides a separate description of present value factors for purposes of Subpart F of part 847 in order to include a definition of “present value factor” for all of part 847 and to include a new section (§ 842.616) to describe when the present value factors will be published. Additionally, OPM proposes to clarify under 5 CFRs 842.602 and 842.702 that separate present value factors apply to FERS annuities that receive cost-of-living adjustments before the retiree attains age 62 versus annuities that do not receive cost-of-living adjustments before age 62.

#### **Executive Order 12866, Regulatory Review**

This rule has been reviewed by the Office of Management and Budget in accordance with Executive Order (E.O.) 12866, as amended by E.O. 13258 and E.O. 13422.

#### **Regulatory Flexibility Act**

I certify that this regulation will not have a significant economic impact on a substantial number of small entities.

#### **List of Subjects**

##### *5 CFR Part 831*

Firefighters, Government employees, Income taxes, Intergovernmental relations, Law enforcement officers, Pensions, Reporting and recordkeeping requirements, Retirement.

##### *5 CFR Part 839*

Administrative practice and procedure, Claims, Employment taxes, Government employees, Pensions, Reporting and recordkeeping requirements, Retirement, Social security.

##### *5 CFR Part 841*

Administrative practice and procedure, Air traffic controllers, Claims, Disability benefits, Firefighters, Government employees, Income taxes, Intergovernmental relations, Law enforcement officers, Pensions, Retirement.

##### *5 CFR Part 842*

Air traffic controllers, Alimony, Firefighters, Law enforcement officers, Pensions, Retirement.

## 5 CFR Part 847

Administrative practice and procedure, Disability benefits, Government employees, Pensions, Reporting and recordkeeping requirements, Retirement.

U.S. Office of Personnel Management.

**Beth F. Cobert,**

*Acting Director.*

For the reasons stated in the preamble, the Office of Personnel Management proposes to amend 5 CFR parts 831, 839, 841, 842, and 847 as set forth below:

**PART 831—RETIREMENT**

■ 1. The authority citation for part 831 continues to read as follows:

**Authority:** 5 U.S.C. 8347; Sec. 831.102 also issued under 5 U.S.C. 8334; Sec. 831.106 also issued under 5 U.S.C. 552a; Sec. 831.108 also issued under 5 U.S.C. 8336(d)(2); Sec. 831.114 also issued under 5 U.S.C. 8336(d)(2), and Sec. 1313(b)(5) of Pub. L. 107–296, 116 Stat. 2135; Sec. 831.201(b)(1) also issued under 5 U.S.C. 8347(g); Sec. 831.201(b)(6) also issued under 5 U.S.C. 7701(b)(2); Sec. 831.201(g) also issued under Secs. 11202(f), 11232(e), and 11246(b) of Pub. L. 105–33, 111 Stat. 251; Sec. 831.201(g) also issued under Sec. 7(b) and (e) of Pub. L. 105–274, 112 Stat. 2419; Sec. 831.201(i) also issued under Secs. 3 and 7(c) of Pub. L. 105–274, 112 Stat. 2419; Sec. 831.204 also issued under Sec. 102(e) of Pub. L. 104–8, 109 Stat. 102, as amended by Sec. 153 of Pub. L. 104–134, 110 Stat. 1321; Sec. 831.205 also issued under Sec. 2207 of Pub. L. 106–265, 114 Stat. 784; Sec. 831.206 also issued under Sec. 1622(b) of Pub. L. 104–106, 110 Stat. 515; Sec. 831.301 also issued under Sec. 2203 of Pub. L. 106–265, 114 Stat. 780; Sec. 831.303 also issued under 5 U.S.C. 8334(d)(2) and Sec. 2203 of Pub. L. 106–235, 114 Stat. 780; Sec. 831.502 also issued under 5 U.S.C. 8337, and Sec. 1(3), E.O. 11228, 3 CFR 1965–1965 Comp. p. 317; Sec. 831.663 also issued under 5 U.S.C. 8339(j) and (k)(2); Secs. 831.663 and 831.664 also issued under Sec. 11004(c)(2) of Pub. L. 103–66, 107 Stat. 412; Sec. 831.682 also issued under Sec. 201(d) of Pub. L. 99–251, 100 Stat. 23; Sec. 831.912 also issued under Sec. 636 of Appendix C to Pub. L. 106–554, 114 Stat. 2763A–164; Subpart P also issued under Sec. 535(d) of Title V of Division E of Pub. L. 110–161, 121 Stat. 2042; Subpart V also issued under 5 U.S.C. 8343a and Sec. 6001 of Pub. L. 100–203, 101 Stat. 1330–275; Sec. 831.2203 also issued under Sec. 7001(a)(4) of Pub. L. 101–508, 104 Stat. 1388–328.

**Subpart A—Administration and General Provisions**

■ 2. Add § 831.117 to read as follows:

**§ 831.117 Computation of the Supplemental Liability**

(a) OPM will compute each supplemental liability of the Fund using

demographic factors specific to the populations for which the supplemental liability applies.

(b) The supplemental liability will be computed based on the economic assumptions used by the Board of Actuaries of the Civil Service Retirement System for the most recent valuation of the System.

(c) Each supplemental liability shall be rounded to the nearest one hundred million dollars.

■ 3. Amend § 831.303 by revising paragraphs (c)(3) and (d)(3) to read as follows:

**§ 831.303 Civilian service.**

\* \* \* \* \*

(c) \* \* \*

(3) For the purpose of paragraph (b)(2) of this section, the term “present value factor” has the same meaning as defined in § 831.603 and “time of retirement” has the same meaning as defined in § 831.2202.

(d) \* \* \*

(3) For the purpose of paragraph (d)(2) of this section, the term “present value factor” has the same meaning as defined in § 831.603 and “time of retirement” has the same meaning as defined in § 831.2202.

■ 4. Amend § 831.603 by revising the definition of “present value factor” to read as follows:

**§ 831.603 Definitions.**

\* \* \* \* \*

*Present value factor* means the amount of money (earning interest at an assumed rate) required at the time of annuity commencement to fund an annuity that starts at the rate of \$1 a month and is payable in monthly installments for the annuitant’s lifetime based on mortality rates for annuitants paid from the Civil Service Retirement and Disability Fund; and increases each year at an assumed rate of cost of living adjustment. Assumed rates of interest, mortality, and cost-of-living adjustments used in computing the present value are those used by the Board of Actuaries of the Civil Service Retirement System for valuation of the System based on dynamic assumptions. The present value factors are unisex factors obtained as a composite of sex-distinct present value factors.

\* \* \* \* \*

■ 5. Amend § 831.2202 by revising the definition of “present value factor” to read as follows:

**§ 831.2202 Definitions.**

\* \* \* \* \*

*Present value factor* has the same meaning in this subpart as defined in § 831.603.

\* \* \* \* \*

**PART 839—CORRECTION OF RETIREMENT COVERAGE ERRORS UNDER THE FEDERAL ERRONEOUS RETIREMENT COVERAGE CORRECTIONS ACT**

■ 6. The authority citation for part 839 continues to read as follows:

**Authority:** Title II, Pub. L. 106–265, 114 Stat. 770.

**Subpart A—General Provisions**

■ 7. Amend § 839.102 by revising the definition of “present value factor” to read as follows:

**§ 839.102 Definitions.**

\* \* \* \* \*

*Present value factor* has the same meaning in this subpart as defined in § 831.603 of this chapter.

\* \* \* \* \*

**PART 841—FEDERAL EMPLOYEES RETIREMENT SYSTEM—GENERAL ADMINISTRATION**

■ 8. The authority citation for part 841 continues to read as follows:

**Authority:** 5 U.S.C. 8461; Sec. 841.108 also issued under 5 U.S.C. 552a; Secs. 841.110 and 841.111 also issued under 5 U.S.C. 8470(a); subpart D also issued under 5 U.S.C. 8423; Sec. 841.504 also issued under 5 U.S.C. 8422; Sec. 841.507 also issued under section 505 of Pub. L. 99–335; subpart J also issued under 5 U.S.C. 8469; Sec. 841.506 also issued under 5 U.S.C. 7701(b)(2); Sec. 841.508 also issued under section 505 of Pub. L. 99–335; Sec. 841.604 also issued under Title II, Pub. L. 106–265, 114 Stat. 780.

**Subpart D—Government Costs**

■ 9. Amend § 841.401 by revising paragraphs (b)(3) and (4), and adding paragraph (b)(5) to read as follows:

**§ 841.401 Purpose and scope.**

\* \* \* \* \*

(b) \* \* \*

(3) Agency appeals of rate determinations;

(4) Methodology for determining the amount due from each agency; and

(5) Requests for reconsideration of the Supplemental Liability.

■ 10. Amend § 841.402 by revising the definition of “actuary” to read as follows:

**§ 841.402 Definitions.**

\* \* \* \* \*

*Actuary* means a professional who is qualified under actuarial standards of practice in the United States to issue a

statement of opinion in regard to defined benefit pension plans.

\* \* \* \* \*

■ 11. Amend § 841.403 by revising the introductory text, and paragraphs (b) and (g), and adding paragraph (h) to read as follows:

**§ 841.403 Categories of employees for computation of normal cost percentages.**

Separate normal cost percentages for FERS, FERS–RAE and FERS–FRAE will be determined for each of the following groups of employees:

\* \* \* \* \*

(b) Congressional employees, including members of the Capitol Police;

\* \* \* \* \*

(g) Other employees of the United States Postal Service;

(h) All other employees.

■ 12. Revise § 841.409 to read as follows:

**§ 841.409 Agency right to appeal normal cost percentage.**

(a) An agency with at least 1,000 employees in the general category of employees or 500 employees in any of the special categories may appeal to the Board the normal cost percentage for that category as applied to that agency.

(b) No appeal will be considered by the Board unless the agency files, no later than 6 months after the date of publication of the notice of normal cost percentages under § 841.407, a petition for appeal that meets *all* the requirements of § 841.410.

■ 13. Revise the section heading of § 841.410 to read as follows:

**§ 841.410 Contents of petition for appeal of normal cost percentage.**

\* \* \* \* \*

■ 14. Revise the section heading of § 841.411 to read as follows:

**§ 841.411 Appeals procedure of normal cost percentage.**

\* \* \* \* \*

■ 15. Add § 841.414 to subpart D to read as follows:

**§ 841.414 Computation of the supplemental liability.**

(a) OPM will compute each supplemental liability of the Civil Service Retirement and Disability Fund using demographic factors consistent with those used for the computation of the normal cost percentages under § 841.403.

(b) The supplemental liability will be computed based on the economic assumptions determined by the Board for the most recent valuation of the Federal Employees Retirement System.

(c) Each supplemental liability will be rounded to the nearest one hundred million dollars.

■ 16. Add § 841.415 to subpart D to read as follows:

**§ 841.415 Right to request reconsideration of the supplemental liability.**

(a) The Secretary of the Treasury or the Postmaster General may request the Board to reconsider a determination of the amount payable with respect to any supplemental liability.

(b) No request for reconsideration will be considered by the Board unless the Secretary of the Treasury or the Postmaster General files, no later than 6 months after the date of receipt of the first notice of the amount payable with respect to the supplemental liability, a request for reconsideration that meets *all* the requirements of § 841.416.

■ 17. Add § 841.416 to subpart D to read as follows:

**§ 841.416 Contents of a request for reconsideration of the supplemental liability.**

(a) To request reconsideration of the amount payable with respect to the supplemental liability, the Secretary of the Treasury or the Postmaster General must file with OPM—

(1) A signed letter of appeal summarizing the basis of the request; and

(2) An actuarial report that contains a detailed actuarial analysis of the request.

(b) The actuarial report must—

(1) Be signed by an actuary;

(2) Specifically present any data and development of assumptions related to the request for reconsideration;

(3) Use each of the demographic factors listed in § 841.404; and

(4) Use the economic assumptions under § 841.414(b). When a request is based in whole or in part on a pattern of merit salary increases, the report may include an analysis of the economic assumptions concerning salary and wage growth to take into account the combined effect of merit and general wage and salary growth.

■ 18. Add § 841.417 to subpart D to read as follows:

**§ 841.417 Reconsideration of the supplemental liability.**

(a) The Board cannot sustain a request for reconsideration unless the Board finds that—

(1) The data used in the actuarial report required by § 841.416 are sufficient and reliable;

(2) The assumptions used in the actuarial report required by § 841.416 are justified; and

(3) The difference in the supplemental liability amount is at least 2 percent of

the present value of future benefits calculated in OPM's computation of the supplemental liability.

(b) If the Board sustains a request for reconsideration of the supplemental liability, OPM will recompute the supplemental liability according to the economic and demographic assumptions recommended by the Board.

**PART 842—FEDERAL EMPLOYEES RETIREMENT SYSTEM—BASIC ANNUITY**

■ 19. The authority citation for part 842 continues to read as follows:

**Authority:** 5 U.S.C. 8461(g); Secs. 842.104 and 842.106 also issued under 5 U.S.C. 8461(n); Sec. 842.104 also issued under Secs. 3 and 7(c) of Pub. L. 105–274, 112 Stat. 2419; Sec. 842.105 also issued under 5 U.S.C. 8402(c)(1) and 7701(b)(2); Sec. 842.106 also issued under Sec. 102(e) of Pub. L. 104–8, 109 Stat. 102, as amended by Sec. 153 of Pub. L. 104–134, 110 Stat. 1321–102; Sec. 842.107 also issued under Secs. 11202(f), 11232(e), and 11246(b) of Pub. L. 105–33, 111 Stat. 251, and Sec. 7(b) of Pub. L. 105–274, 112 Stat. 2419; Sec. 842.108 also issued under Sec. 7(e) of Pub. L. 105–274, 112 Stat. 2419; Sec. 842.109 also issued under Sec. 1622(b) of Public Law 104–106, 110 Stat. 515; Sec. 842.208 also issued under Sec. 535(d) of Title V of Division E of Pub. L. 110–161, 121 Stat. 2042; Sec. 842.213 also issued under 5 U.S.C. 8414(b)(1)(B) and Sec. 1313(b)(5) of Pub. L. 107–296, 116 Stat. 2135; Secs. 842.304 and 842.305 also issued under Sec. 321(f) of Pub. L. 107–228, 116 Stat. 1383, Secs. 842.604 and 842.611 also issued under 5 U.S.C. 8417; Sec. 842.607 also issued under 5 U.S.C. 8416 and 8417; Sec. 842.614 also issued under 5 U.S.C. 8419; Sec. 842.615 also issued under 5 U.S.C. 8418; Sec. 842.703 also issued under Sec. 7001(a)(4) of Pub. L. 101–508, 104 Stat. 1388; Sec. 842.707 also issued under Sec. 6001 of Pub. L. 100–203, 101 Stat. 1300; Sec. 842.708 also issued under Sec. 4005 of Pub. L. 101–239, 103 Stat. 2106 and Sec. 7001 of Pub. L. 101–508, 104 Stat. 1388; Subpart H also issued under 5 U.S.C. 1104; Sec. 842.810 also issued under Sec. 636 of Appendix C to Pub. L. 106–554 at 114 Stat. 2763A–164; Sec. 842.811 also issued under Sec. 226(c)(2) of Public Law 108–176, 117 Stat. 2529; Subpart J also issued under Sec. 535(d) of Title V of Division E of Pub. L. 110–161, 121 Stat. 2042.

**Subpart F—Survivor Elections**

■ 20. Amend § 842.602 by revising the definition of “present value factor” to read as follows:

**§ 842.602 Definitions.**

\* \* \* \* \*

*Present value factor* means the amount of money (earning interest at an assumed rate) required at the time of annuity commencement to fund an annuity that starts at the rate of \$1 a month and is payable in monthly installments for the annuitant's lifetime

based on mortality rates for annuitants paid from the Civil Service Retirement and Disability Fund; and increases each year at an assumed rate of cost-of-living adjustment. Assumed rates of interest, mortality, and cost-of-living adjustments used in computing the present value are those used by the Board of Actuaries of the Civil Service Retirement System for valuation of the Federal Employees' Retirement System based on dynamic assumptions. The present value factors are unisex factors obtained as a composite of sex-distinct present value factors. Separate present value factors apply for FERS annuities that receive cost-of-living adjustments before the retiree attains age 62, versus FERS annuities that do not receive cost-of-living adjustments before the retiree attains age 62.

\* \* \* \* \*

■ 21. Add § 842.616 to subpart F to read as follows:

**§ 842.616 Publication of present value factors.**

When OPM publishes in the **Federal Register** notice of normal cost percentages under § 841.407 of this chapter, it will also publish updated present value factors.

■ 22. Amend § 842.702 by revising the definition of “present value factor” to read as follows:

**§ 842.702 Definitions.**

\* \* \* \* \*

*Present value factor* has the same meaning in this subpart as defined in § 842.602.

\* \* \* \* \*

**PART 847—ELECTIONS OF RETIREMENT COVERAGE BY CURRENT AND FORMER EMPLOYEES OF NONAPPROPRIATED FUND INSTRUMENTALITIES**

■ 23. The authority citation for part 847 continues to read as follows:

**Authority:** 5 U.S.C. 8332(b)(17) and 8411(b)(6) and sections 1131 and 1132 of Pub. L. 107–107, December 28, 2001, 115 Stat 1242; 5 U.S.C. 8347(a) and 8461(g) and section 1043(b) of Pub. L. 104–106, Div. A, Title X, Feb. 10, 1996, 110 Stat. 434. Subpart B also issued under 5 U.S.C. 8347(q) and 8461(n).

**Subpart A—General Provisions**

■ 24. Amend § 847.103(b) by revising the definition of “actuarial present value” and adding the definition of “present value factor” in alphabetical order as follows:

**§ 847.103 Definitions.**

\* \* \* \* \*

(b) \* \* \*

*Actuarial present value* means the amount of monthly annuity at time of retirement multiplied by the applicable present value factor.

\* \* \*

*Present value factor* has the same meaning in this part as defined in § 842.602.

\* \* \* \* \*

**§ 847.602 [Removed and Reserved]**

■ 25. Remove and reserve § 847.602.

[FR Doc. 2016–30487 Filed 12–21–16; 8:45 am]

**BILLING CODE 6325–38–P**

**DEPARTMENT OF TRANSPORTATION**

**Federal Aviation Administration**

**14 CFR Part 39**

[Docket No. FAA–2013–0740; Directorate Identifier 2013–NE–24–AD]

RIN 2120–AA64

**Airworthiness Directives; Pratt & Whitney Turbofan Engines**

**AGENCY:** Federal Aviation Administration (FAA), DOT.

**ACTION:** Notice of proposed rulemaking (NPRM).

**SUMMARY:** We propose to supersede Airworthiness Directive (AD) 2014–05–32, which applies to all Pratt & Whitney (PW) PW2037, PW2037D, PW2037M, PW2040, PW2040D, PW2043, PW2143, PW2643, and F117–PW–100 turbofan engines. AD 2014–05–32 currently requires one-time eddy current inspection (ECI) of affected engines with certain diffuser and HPT cases installed. AD 2014–05–32 also requires a fluorescent-penetrant inspection (FPI) of the diffuser case rear flange and the HPT case front flange. Since we issued AD 2014–05–32, the manufacturer determined through analysis that the inspections required by AD 2014–05–32 are not adequate to maintain safety. This proposed AD would add additional repetitive, on-wing ECI inspections. We are proposing this AD to correct the unsafe condition on these products.

**DATES:** We must receive comments on this proposed AD by February 6, 2017.

**ADDRESSES:** You may send comments, using the procedures found in 14 CFR 11.43 and 11.45, by any of the following methods:

- *Federal eRulemaking Portal:* Go to <http://www.regulations.gov>. Follow the instructions for submitting comments.
- *Fax:* 202–493–2251.
- *Mail:* U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room

W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590.

W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590.

- *Hand Delivery:* Deliver to Mail address above between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

For service information identified in this NPRM, contact Pratt & Whitney, 400 Main St., East Hartford, CT 06108; phone: 860–565–8770; fax: 860–565–4503. You may view this service information at the FAA, Engine & Propeller Directorate, 1200 District Avenue, Burlington, MA. For information on the availability of this material at the FAA, call 781–238–7125.

**Examining the AD Docket**

You may examine the AD docket on the Internet at <http://www.regulations.gov> by searching for and locating Docket No. FAA–2013–0740; or in person at the Docket Management Facility between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The AD docket contains this proposed AD, the regulatory evaluation, any comments received, and other information. The street address for the Docket Office (phone: 800–647–5527) is in the **ADDRESSES** section. Comments will be available in the AD docket shortly after receipt.

**FOR FURTHER INFORMATION CONTACT:**

Brian Kierstead, Aerospace Engineer, Engine Certification Office, FAA, Engine & Propeller Directorate, 1200 District Avenue, Burlington, MA 01803; phone: 781–238–7772; fax: 781–238–7199; email: [brian.kierstead@faa.gov](mailto:brian.kierstead@faa.gov).

**SUPPLEMENTARY INFORMATION:**

**Comments Invited**

We invite you to send any written relevant data, views, or arguments about this proposed AD. Send your comments to an address listed under the **ADDRESSES** section. Include “Docket No. FAA–2013–0740; Directorate Identifier 2013–NE–24–AD” at the beginning of your comments. We specifically invite comments on the overall regulatory, economic, environmental, and energy aspects of this proposed AD. We will consider all comments received by the closing date and may amend this proposed AD because of those comments.

We will post all comments we receive, without change, to <http://www.regulations.gov>, including any personal information you provide. We will also post a report summarizing each substantive verbal contact we receive about this proposed AD.