

**Office of Personnel Management**

**§ 870.402**

1989, the Postal Service pays the Government contributions.

(2) The Government contribution is the same amount whether the individual elects a maximum 75 percent reduction, a maximum 50 percent reduction, or no reduction.

(3) The Government contribution stops the month after the month in which the individual reaches age 65.

(f) When an agency withholds less than or none of the proper amount of Basic life insurance deductions from an individual's pay, annuity, or compensation, the agency must submit an amount equal to the sum of the uncollected deduction and any applicable agency contributions required under 5 U.S.C. 8708 to OPM for deposit in the Employees' Life Insurance Fund.

[62 FR 48731, Sept. 17, 1997, as amended at 64 FR 22544, Apr. 27, 1999]

**§ 870.402 Withholdings for Optional insurance.**

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

(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 re-employed annuitants in §870.707, the full cost of Optional insurance must be withheld from the annuity of an annuitant and from the compensation of a compensationner.

(2) The withholdings for Option A stop the month after the month in which an annuitant or compensationner reaches age 65.

(3) For an annuitant or compensationner who elects Full Reduction for any Option B or Option C multiples, the withholdings for those multiples stop the month after the month in which he/she reaches age 65.

(4) For an annuitant or compensationner who elects No Reduction for any Option B or Option C multiples, the withholdings for those multiples continue, as long as he/she remains insured.

(d)(1) The biweekly cost per \$10,000 of Option A coverage is:

For persons under age 35 .....	\$0.30
For persons ages 35 through 39 .....	.40
For persons ages 40 through 44 .....	.60
For persons ages 45 through 49 .....	.90
For persons ages 50 through 54 .....	1.40
For persons ages 55 through 59 .....	2.70
For persons ages 60 and over .....	6.00

(2) The amount withheld from pay, annuity, or compensation paid on other than a biweekly basis must be prorated and adjusted to the nearest cent.

(e)(1) The biweekly cost per \$1,000 of Option B coverage is:

For persons under age 35 .....	\$0.03
For persons ages 35 through 39 .....	.04
For persons ages 40 through 44 .....	.06
For persons ages 45 through 49 .....	.10
For persons ages 50 through 54 .....	.15
For persons ages 55 through 59 .....	.31
For persons ages 60 and over .....	.70

(2) The amount withheld from pay, annuity, or compensation paid on other than a biweekly basis must be prorated and adjusted to the nearest one-tenth of 1 cent.

(f)(1) The biweekly cost of Option C for one multiple of coverage is based on the age of the employee, annuitant, or compensationner. Table 1 shows the age bands and associated cost up through age 59, effective the first day of the pay period beginning on or after April 24, 1999. The age bands 60-64, 65-69 and 70 and over, the applicable premium rates, and effective dates are shown in Table 2.

TABLE 1

For persons under age 35 .....	\$0.27
For persons ages 35 through 39 .....	.34
For persons ages 40 through 44 .....	.46
For persons ages 45 through 49 .....	.60
For persons ages 50 through 54 .....	.90
For persons ages 55 through 59 .....	1.45

TABLE 2—EFFECTIVE DATE

First pay period on or after	4/24/99	4/24/2000
For persons ages 60 through 64	2.60	2.60
For persons ages 65 through 69	2.60	3.00
For persons ages 70 and over ..	2.60	3.40

(2) The amount withheld from pay, annuity, or compensation paid on other than a biweekly basis must be prorated and adjusted to the nearest cent.

(g) For the purpose of this subpart, effective April 24, 1999, an individual is considered to reach age 35, 40, 45, 50, 55, 60, 65, or 70 on the first day of the pay

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period following the pay period in which his/her birthday occurs.

(h) The amount withheld from the pay of an insured employee whose annual pay is paid during a period shorter than 52 work weeks is the amount obtained by converting the biweekly rate for his/her age group to an annual rate and prorating the annual rate over the number of installments of pay regularly paid during the year.

(i) When an agency withholds less than or none of the proper amount of Optional life insurance deductions from an individual's pay, annuity, or compensation, the agency must submit an amount equal to the uncollected deductions required under 5 U.S.C. 8714a, 8714b, and 8714c to OPM for deposit in the Employees' Life Insurance Fund.

[62 FR 48731, Sept. 17, 1997; 62 FR 52181, Oct. 6, 1997, as amended at 64 FR 22544, Apr. 27, 1999; 64 FR 72462, Dec. 28, 1999]

#### **§ 870.403 Withholdings and contributions following a Living Benefit election.**

(a) Withholdings and contributions for Basic insurance for an individual who elects a full Living Benefit under subpart K of this part stop at the end of the pay period in which the Living Benefit election is effective.

(b) Withholdings and contributions for Basic insurance for an employee who elects a partial Living Benefit under subpart K of this part are based on the post-election BIA. This reduction in withholdings and contributions starts at the end of the pay period in which the Living Benefit election is effective.

(c) Withholdings and contributions for Basic insurance for an annuitant or compensationner who elected a partial Living Benefit as an employee are based on the post-election BIA.

(d) There is no change in withholdings for Optional insurance for individuals who elect a Living Benefit.

[62 FR 48731, Sept. 17, 1997; 62 FR 52181, Oct. 6, 1997]

#### **§ 870.404 Withholdings and contributions provisions that apply to both Basic and Optional insurance.**

(a) Withholdings (and Government contributions, when applicable) are

based on the amount of insurance in force at the end of the pay period.

(b) Withholdings are not required for the period between the end of the pay period in which an employee separates from service and the date his/her annuity or compensation begins.

(c) No payment is required while an insured employee is in nonpay status for up to 12 months. Exception: an employee who is in nonpay status while receiving compensation.

(d) The deposit described in §§ 870.401(f) and 870.402(i) must be made no later than 60 calendar days after the date the employing office determines the amount of the underdeduction that has occurred, regardless of whether or when the underdeduction is recovered by the agency. The agency must determine whether to waive collection of the overpayment of pay, in accordance with 5 U.S.C. 5584, as implemented by 4 CFR chapter I, subchapter G. However, if the agency involved is excluded from the provisions of 5 U.S.C. 5584, it may use any applicable authority to waive the collection.

(e) Effective October 21, 1972, when there is an official finding that an employee was suspended or fired erroneously, no withholdings are made from the back pay. Exception: if death or accidental dismemberment occurs during the period between the employee's removal and the finding that the agency action was erroneous, premiums are withheld from the back pay awarded.

(f) If an individual's periodic pay, compensation, or annuity isn't sufficient to cover the full withholdings, any amount available for life insurance withholding must be applied first to Basic insurance, with any remainder applied to Optional insurance (first to Option B, then Option A, then Option C).

#### **§ 870.405 Direct premium payments.**

(a) Since January 1, 1988, annuitants who retired under 5 U.S.C. chapter 84 (Federal Employees' Retirement System) have been able to make direct premium payments if their annuity became too small to cover the premiums. Effective the first pay period beginning on or after October 30, 1998, all employees, annuitants, and compensationners