

(3) The employee, annuitant, or compensationner must be the primary source of financial support for the child; and

(4) The employee, annuitant, or compensationner must expect to raise the child to adulthood.

(c) A child placed in an insured individual's home by a welfare or social service agency under an agreement by which the agency retains control of the child or pays for maintenance does not qualify as a foster child.

(d)(1) An insured individual wishing to cover a foster child must sign a certification stating that the child meets all the requirements and that he/she will notify the employing office or retirement system if the child marries, moves out of the home, or stops being financially dependent on the employee, annuitant, or compensationner.

(2) The employing office or retirement system must keep the signed certification in the insured individual's file, along with other life insurance forms.

(e) A foster child who moves out of the insured individual's home to live with a biological parent loses eligibility and cannot again be covered as a foster child unless:

(1) The biological parent dies;

(2) The biological parent is imprisoned;

(3) The biological parent becomes unable to care for the child due to a disability; or

(4) The employee, annuitant, or compensationner obtains a court order taking parental responsibility away from the biological parent.

[64 FR 72461, Dec. 28, 1999]

Subpart D—Cost of Insurance

§ 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.

(2) 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 to an annual rate and prorating the annual rate over the number of installments of pay regularly paid during the year.

(3) The amount withheld from the pay of an insured employee whose BIA changes during a pay period is based on the BIA in force at the end of the pay period.

(c) For each pay period in which an employee is insured, the employing agency must contribute an amount equal to one-half the amount withheld from the employee's pay. This agency contribution must come from the appropriation or fund that is used for the payment of the employee's pay. For an elected official, the contribution must come from the appropriation or fund that is available for payment of other salaries in the same office.

(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

Office of Personnel Management

§ 870.402

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.

(e)(1) For each period in which an annuitant or compensationner is insured, OPM must contribute an amount equal to one-half the amount that would be withheld under paragraph (d)(1) of this section. Exception: for USPS employees who become annuitants or compensationners after December 31, 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; 68 FR 59081, Oct. 14, 2003]

§ 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 re-employed annuitants in §870.707, the full cost of Optional insurance must be withheld from the annuity of an annuitant 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 under §870.705, 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) For Option A and Option C, the amount withheld from pay, annuity, or compensation paid on other than a biweekly basis must be computed and adjusted to the nearest cent.

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

(e) If an employee's annual pay is paid during a period shorter than 52 work weeks, the employing office must determine the amount to withhold. To do this, it converts the biweekly cost to an annual cost and prorates it over the number of installments of pay regularly paid during the year.

(f) 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,