

04/01/2021

## 2021 DISCOUNT RATES

The FEMP discount rates for 2021 are valid until the 2022 Discount Rate Memo is produced and disseminated. They are as follows:

Real discount rate:	3.00%
Nominal discount rate:	1.41%
Implied long-term inflation rate:	-1.50%
Calculated long-term inflation rate:	2.30%
Calculated real discount rate:	-0.87%

The 2021 OMB discount rates (for cost-effectiveness, lease/purchase, internal government investment, and asset sales) are, as of March 3:

Real:

3-year:	-1.80%
5-year:	-1.60%
7-year:	-1.40%
10-year:	-1.10%
20-year:	-0.50%
30-year:	-0.30%

Nominal:

3-year:	0.20%
5-year:	0.30%
7-year:	0.60%
10-year:	0.80%
20-year:	1.50%
30-year:	1.70%

OMB inflation rates:

3-year:	2.04%
5-year:	1.93%
7-year:	2.03%
10-year:	1.92%
20-year:	2.01%
30-year:	2.01%

The 2021 real discount rate for public investment and regulatory analyses remains at 7%. However, in Circular A-4, released September 2003, OMB recommends that two estimates be submitted, one calculated with a real discount rate of 7% and one calculated with a real discount rate of 3%.

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<sup>1</sup>The procedure specified in 10 CFR 436A, *FEMP Life Cycle Cost Methodology and Procedures*, for calculating the real FEMP discount rate resulted in a real discount rate of -0.87% for 2021, which is lower than the prescribed floor of 3.0%. Hence the 3.0% floor is used as the real discount rate for FEMP analyses in 2021. Given the nominal discount rate of 1.41%, the implied long-term inflation rate used in BLCC5 is then -1.50%.