



A New Day for the Civil Service

Military Deposits

Making a Military Deposit





Military Deposit Objectives

- Understand the effect of not paying a military deposit
- Understand how military deposits are computed

Military Service

Active duty in the uniformed services that is terminated under honorable conditions



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Service that is Not Creditable

- Dishonorable Discharge
- Clemency Discharge
- Neutral or Uncharacterized Discharge
- Officer Dismissal



Active Duty Military Service

- Active and honorable military service performed under title 10 is creditable



Military Deposit

Money paid into the Retirement Fund for a period of active military service performed after 12/31/1956

There is no deposit for military service before 1957



Period of Service

Total years, months, & days from date of initial entry on active duty (or 1-1-57, if later) to date of final discharge or final release from active duty



Period of Service

- A period of service includes consecutive periods where there's no break in service
- As little as 1 day will break service into 2 periods

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Amount of Military Deposit

A percentage of the employee's military basic pay while in the military, plus interest

- CSRS 7%
- FERS 3%

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Amount of Military Deposit CSRS

For military service performed from:

- 01-01-99 through 12-31-99 7.25 %
- 01-01-00 through 12-31-00 7.40 %
- 01-01-01 rate resumes at 7.00 %



Amount of Military Deposit FERS

For military service performed from:

- 01-01-99 through 12-31-99 3.25 %
- 01-01-00 through 12-31-00 3.40 %
- 01-01-01 rate resumes at 3.00 %



Military Basic Pay

- The total basic pay received by military member when the service was performed
- Does not include allowances, flight pay, combat pay, etc



Eligibility to Make a Military Deposit

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Who Can Make a Military Deposit

- Employees currently covered by CSRS, CSRS Offset, or FERS
- The spouse or former spouse of a deceased employee who is entitled to a survivor annuity

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When Military Deposit Can Be Made

- Generally, at any time prior to employee's separation from their agency
- Before survivor's application is finalized



Who Should Make a Military Deposit and the Effect of Not Making a Deposit



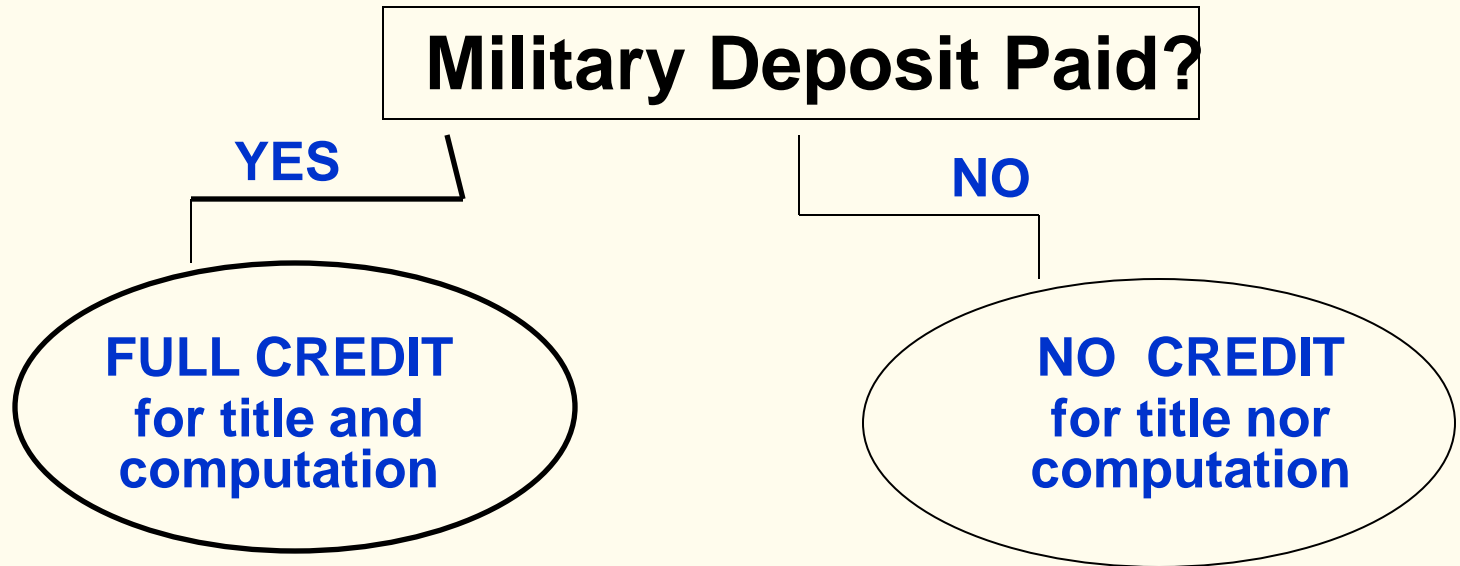
First Covered by CSRS before October 1, 1982

Retires before 62:

- Post-56 military service will be credited at retirement but eliminated from the CSRS retirement benefit when employee turns age 62, if eligible, or upon proper application would be eligible, for old-age Social Security benefits
- This includes a CSRS component under FERS



Post-1956 Military Service Under FERS





Employee and Agency Responsibilities



Employee's Responsibilities

- Ask Human Resources Office about making a Military Deposit
- Obtains an SF 2803 or 3108, modified for military deposit, from their agency, if employee determines it's beneficial to pay deposit

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Employee's Responsibilities

- Complete front of SF 2803/3108 & return it to agency official along with a copy of DD 214 or equivalent record to verify the service
- Submit SF 180, (Request Pertaining to Military Records), to obtain a copy of DD 214 from the military record center, if a copy is not available

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Employee's Responsibilities

Provides documentation of military basic pay to agency:

- Estimated earnings or
- Actual pay records from the military service

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Employee's Responsibilities

- Submit RI 20-97, (Request for Estimated Earnings during Military Service), and DD 214 to the appropriate branch of service, if actual pay records are not available
- Obtain a copy of this form @ www.opm.gov

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Employee's Responsibilities

Pay the deposit directly to the employing agency as instructed

Payment may be made

- in a lump sum
- in installments

Note: If deposit is made at time of retirement, it must be paid in a lump sum

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Employing Office Responsibilities

- Explains the effect of not paying a deposit for post-56 military service to all employees with military service
- Counsels employees to document the basic pay earned as soon as possible upon employment

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Employing Office Procedures

- Cautions employees that deposit must be made before final separation
- Explains the effect of paying a deposit for post-56 military service, when an employee asks about making deposit

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Employing Office Procedures

- Explains the application process to the employee
- Provides employee an SF 2803 or 3108 that has been modified for military deposit

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Employing Office Procedures

- Accepts the completed SF 2803/3108 & documentation of basic pay and reviews them for completeness
- Assists employee in requesting verification of military service and/or estimated earnings

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Employing Office Procedures

- Computes the military deposit using OPM Form 1514, the Military Deposit Worksheet (or an equivalent)
- Notifies the employee of amount due, options for making payment, & how payment can be made
- Normally payments must be at least \$50

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Employing Office Procedures

- Establishes deposit account
- Enters payments on the OPM Form 1514, or an equivalent
- Prepares a separate SF 2806 or SF 3100, Individual Retirement Record, to document military deposit

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Employing Office Procedures

- Retains the original OPM Form 1514, the RI 20-97 (documentation of basic pay), the military deposit application, and the Individual Retirement Record for submission to OPM, along with other retirement records upon separation, transfer, or death in service

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Employing Office Procedures Retirement or Death in Service

- Have survivor complete OPM Form 1519, Military Service Deposit Election, indicating his or her decision whether or not to complete the deposit, and submit it with application package

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Employing Office Procedures Retirement or Death in Service

- OPM Form 1515, Military Deposit Service Election, has been discontinued, employees must complete deposit prior to retirement
- Indicate on Certified Summary of Federal Service whether the employee/survivor has applied to make deposit and whether it was completed

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Employing Office Procedures At Retirement or Death in Service

Counsels employee or survivor on effect of not paying military deposit, providing annuity estimates with & w/o military service, if deposit has not been completed

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Documentation of Military Earnings

Employee provides:

- Documentation of military basic pay to agency
- Estimated earnings or
- Actual pay records from the military service

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Military Deposit Rules for Concurrent Service

(REF: BAL 03-105, June 25, 2003, Computing the Post-1956 Military Deposit for Employees On LWOP Who Receive Civilian Pay During Active Military Duty)

Two methods:

- Regular computation
- Alternative computation

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Military Deposit Rules for Regular Method

- Compute military deposit from total basic military pay
- Do not include any period for which the employee received civilian pay from which retirement deductions were withheld

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Military Deposit Rules for Alternative Method

- The amount of the Military deposit before interest cannot exceed the amount of the civilian retirement deductions that would have been deducted from the employee's civilian basic pay

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Military Deposit Rules for Alternative Method Computation

- Calculate the amount of retirement deductions that would have been withheld from the employee's civilian basic pay while on LWOP-US
- Subtract the retirement deductions that were actually withheld from the civilian pay the employee received while in LWOP-US

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Military Deposit Rules for Concurrent Service

Alternative Method for Calculating the Deposit:

- Under USERRA, the amount of deposit before interest is limited to the amount of civilian retirement deduction which would have been withheld

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Alternative Method

- Calculate the amount of retirement deductions that would have been withheld from the employee's civilian basic pay during the entire period the employee was in LWOP
- Subtract the retirement deductions that were actually withheld from the civilian pay the employee received while in LWOP

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Computing the Deposit and Interest

- Compute the Amount of Creditable Military Service
- Determine the Amount of Basic Pay
- Compute the Deposit
- Compute interest

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Amount of Military Deposit

- CSRS Amount of earnings x 7%
- FERS Amount of earnings X 3%

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Amount of Retirement Deductions

- CSRS 7%
- FERS .8%
- FERS RAE 3.1% (1/1/2013)
- FERS FRAE 4.4% (1/1/2014)



Computing the Interest

- Both CSRS & FERS provide a 2 year grace period on deposits
- After the 2 year period, interest is accrued and compounded annually at a variable interest rate

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Computing the Interest

CSRS

- For employees first hired under CSRS before 10-01-83, interest begins accruing 10-01-85
- For employees first hired under CSRS on or after 10-01-83, interest begins 2 years from the date employee was first employed under CSRS



Computing the Interest

FERS

- For FERS employees first employed before 01-01-87, interest begins to accrue 01-01-89
- For employees first employed on or after 01-01-87, interest begins to accrue 2 years from the date employee was first employed subject to FERS

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Computing the Interest

- Employees who transfer to FERS and have a CSRS component continue to be under the CSRS military deposit rules for military service performed before the transfer
- For employees who elect FERS coverage and don't have a CSRS component, interest begins to accrue 2 years from the date of transfer

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Interest Accrual Date (IAD)

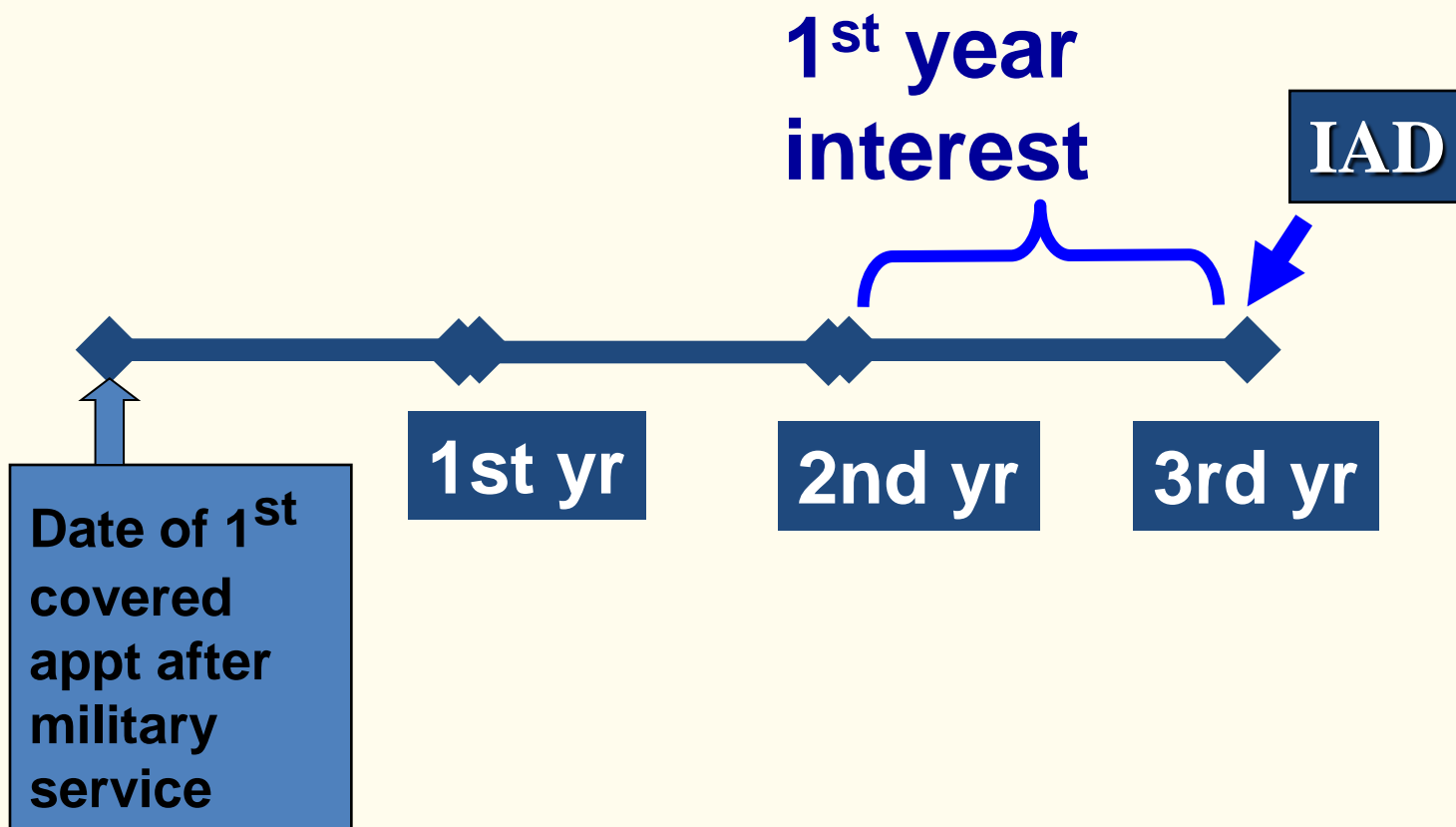
- The date each year when accrued interest is added to the amount of deposit owed by the employee
- The employee's first IAD is the date 1 year after the date the interest-free grace period ends
- The IAD falls each year on the anniversary of the first IAD until the deposit is paid

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Interest Accrual Date

The initial IAD for employees who perform military service after the date they are first hired in a position covered by CSRS (including CSRS Offset) and after October 1, 1983, is 3 years from the date the employee returns to a position subject to CSRS retirement deductions

Interest Accrual Date





Interest Accrual Date

Military service 03-10-86 to 05-22-88

Civilian service 08-22-89 to present
(FERS)

IAD = 08-22-92

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Composite Interest Rates

- Interest rates are computed on a calendar year basis, January 1 through December 31
- If the IAD isn't January 1, the interest rate will reflect a portion of the rate for the prior year and a portion of the rate for the current year

Questions?

