



a New Day for Federal Service

Peace Corps / VISTA

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References

5 U.S.C. 8332(b)(5) and (7)

CSRS and FERS Handbook
Chapters 20 and 21

Objectives

- Identify VISTA service and
- Identify Peace Corps service
- Understand and be able to explain how Peace Corps/VISTA deposits are computed
- Explain the effect of not paying a Peace Corps/VISTA deposit

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What is VISTA

AmeriCorps VISTA is the national service program designed specifically to fight poverty:

- Authorized in 1964
- Founded as Volunteers in Service to America in 1965
- VISTA was incorporated into the AmeriCorps network of programs in 1993

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What AmeriCorps VISTA Members Do

- AmeriCorps VISTA members live and serve in some of our nation's poorest urban and rural areas
- They create or expand programs designed to bring individuals and communities out of poverty

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What AmeriCorps VISTA Members Do

- Each VISTA member makes a year-long, full-time commitment to serve on a specific project at a nonprofit organization or public agency
- In return for their service, AmeriCorps VISTA members receive a modest living allowance and health benefits during their service

What is Peace Corps

In 1961, President John F. Kennedy established the Peace Corps to promote world peace and friendship

Mission

The Peace Corps' mission has three simple goals:

- Helping the people of interested countries in meeting their need for trained men and women
- Helping promote a better understanding of Americans on the part of the peoples served
- Helping promote a better understanding of other peoples on the part of Americans

General Rule

When a Peace Corps or VISTA volunteer becomes employed in a Federal civilian position after performing full-time service as a volunteer or volunteer leader with the Peace Corps or VISTA:

- Satisfactory volunteer service is generally creditable for CSRS under the same conditions that apply to a period or periods of nondeduction service

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General Rule

- Satisfactory volunteer service performed **at any time** prior to separation, if a deposit has been made for the service is generally creditable for FERS
- Service credit is not allowed for training periods prior to actual enrollment

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General Rule

- A deposit is required in order to obtain service credit for VISTA volunteer service for which the volunteer chose to receive an educational award in lieu of a stipend
- The deposit is based upon the amount of the stipend that would have been received if he/she had elected to receive the stipend rather than an educational award

Prior to P.L. 103-82

In the past, if an employee or their survivors were entitled to old-age or survivor benefits from Social Security, credit for Peace Corps/VISTA volunteer service was eliminated from the annuity computation, even if a deposit was made for the service

P. L. 103-82

Public Law 103-82, the National and Community Service Trust Act of 1993 and Domestic Volunteer Service Act Amendments of 1993, modified the treatment of Peace Corps and VISTA volunteer service so that it is similar to that of military service

CSRS Pre 10-01-82 Service

Deposit paid prior to retirement:

- Peace Corps/VISTA service is fully creditable for eligibility and computation purposes

Deposit not paid prior to retirement:

- OPM will send a letter giving the employee or survivor and opportunity to pay the deposit

CSRS Pre 10-01-82 Service

Deposit paid:

- Credit the Peace Corps/VISTA service

Deposit not paid and not at or within 5 months of SSA eligibility:

- Credit for eligibility and computation
- Annuity will be reduced by 10% of deposit owed if it increases the annuity
- OPM will check at 62
- If eligible at 62 service will be eliminated

The image shows a vertical strip of an American flag on the left side of the slide, featuring white stars on a blue field and red and white stripes.

CSRS Pre 10-01-82 Service

Deposit not paid and annuitant is or is within 5 months of SSA eligibility:

- Case will be initially processed without credit for service
- OPM will check with SSA
- If eligible for SSA benefits no credit can be given for service
- If not eligible for SSA Benefits the annuity will be reduced by 10% of deposit owed if it increases the annuity

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CSRS service as of 10-01-82 or later

Deposit paid:

- Credit the Peace Corps/VISTA service

Deposit not paid:

- No credit for service can be given

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FERS Peace Corps/VISTA Deposits

Deposit paid:

- Credit the Peace Corps/VISTA service

Deposit not paid:

- No credit for service can be given

FERS employees can pay deposits for Peace Corps/VISTA service that occurred on or after 01-01-89

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Computing Deposits for Peace Corps/VISTA Service

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

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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

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

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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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



Composite Interest Rates

The composite rate for interest posting is computed as follows:

$$\frac{30 \text{ (days in a month)} \times 3 \text{ (Oct thru Dec)}}{360 \text{ (days in a year)}} = .25$$

Fraction of interest in calendar yr posting occurs:

$$1.00 - .25 = .75$$



Computation of Composite Rate for 10-01-96 Posting

1995 interest rate:

$$7\% \times .2500 = 1.75\%$$

1996 interest rate:

$$6.875\% \times .7500 = 5.1563\%$$

Composite Rate:

$$1.75\% + 5.1563\% = 6.9063\%$$

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Simplifying the Process

To simplify the process, OPM has prepared Composite Interest Rate Tables providing the rates for each IAD



Questions?