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
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
Amount of Military Deposit

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

- CSRS 7%
- FERS 3%
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
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
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

Military Deposit Paid?

YES
FULL CREDIT for title and computation

NO
NO CREDIT for title nor computation
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
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
Employee’s Responsibilities

Provides documentation of military basic pay to agency:

- Estimated earnings or
- Actual pay records from the military service
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
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.
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.
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
Employing Office Procedures

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

Employee provides:

• Documentation of military basic pay to agency
• Estimated earnings or
• Actual pay records from the military service
Military Deposit Rules for Concurrent Service


Two methods:

- Regular computation
- Alternative computation
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
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
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
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.
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
Computing the Deposit and Interest

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

- CSRS Amount of earnings x 7%
- FERS Amount of earnings X 3%
### Amount of Retirement Deductions

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

*Source: United States Office of Personnel Management*
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
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
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.
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.
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

Date of 1st covered appt after military service

1st yr, 2nd yr, 3rd yr

1st year interest

IAD
Interest Accrual Date

Military service 03-10-86 to 05-22-88
Civilian service 08-22-89 to present (FERS)
IAD = 08-22-92
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?