



Benefits Administration Letter

Number 13 - 103

Date: June 18, 2013

Subject: Discontinuing the practice of allowing employees to complete payment of their Post-1956 Military Service Deposits after separation except in the case of an administrative error that prevented the employee from completing their deposit prior to separation

Background: The CSRS and FERS Handbook, Chapter 23, section 23A3.1-1 presently advises agencies that if an employee intends to make a Post-1956 Military Service Deposit at separation, the employee must promptly obtain basic pay information and complete the deposit to the agency before OPM completes adjudication of the retirement claim. Notification to OPM is done via the OPM form 1515.

Purpose: The CSRS and FERS Handbook guidance concerning payment of the Post-1956 Military Service Deposit is out of date. The guidance will be revised to specify that payment of the Military Service Deposit must be completed prior to separation except in the case of an administrative error that prevented the employee from completing the deposit prior to separation.

Guidance: The retirement applications for CSRS and FERS, SF 2801 and SF 3107 respectively have since been revised and the OPM form 1515 has been discontinued. Both applications now clearly state the deposit must be completed before separation.

- 5 USC 8334(j)(1)(A) and 5 USC 8422(e)(1)(A) provide that Post-1956 Military Service Deposits are paid to the agency in accordance with regulations from OPM.
- 5 CFR 842.307(a)(3) provides that payments must be completed prior to separation from service, except when OPM determines an administrative error prevented the employee from completing payment prior to separation.
- 5 CFR 831.2107 also provides for payment by a separated employee who did not complete the deposit prior to separation due to administrative error.

Because the applications clearly state the fact that deposits must be completed before separation, there will be no exception granted for employees who were already counseled but have not yet been separated. These employees must be informed of the correct procedures regarding the payment of military deposits.

If, after separation, a retiree requests to make a Post-1956 Military Service Deposit, and, OPM determines that an agency error occurred, a letter will be sent to the agency. This letter will explain the administrative error in detail and advise the agency to compute and accept the Post-1956 Military Service Deposit. Attachments A and B (for CSRS and FERS respectively) are examples of letters that agencies should expect to receive in the event that OPM identifies an administrative error.

Kenneth J. Zawodny, Jr.
Associate Director
Retirement Services

Attachment A

Agency letter on Administrative Error for Post-1956 Military Deposit- CSRS

Agency name

Address

RE:

CSA:

SSN:

The purpose of this letter is to advise your agency that a post-1956 military service deposit must be computed for (*name of annuitant*). Generally, military deposits must be paid before separation as per title 5, Code of Federal Regulations, Section 831.2104. However, subpart (a) of this section also makes it clear that if there is an administrative error on the part of the agency, the individual has the opportunity to make the election after separation. Examples of administrative error include:

- Material misinformation (i.e., where the employee actually relied on the misinformation in electing not to make the deposit);
- Application errors or inconsistencies (i.e., if an application contains obvious errors or inconsistencies, the employing agency has an “obligation to investigate and resolve the problem before processing the application” – for instance, not checking any box or checking “Not applicable” in Schedule A when there is evidence an employee had post-1956 military service);
- Failure on the part of the agency to ensure a deposit was made “when all required forms are in order and the employee elected to make the deposit.”

OPM has determined that administrative error was the cause for (*Mr./Ms.....*) not completing (his/her) military deposit. (*Explain here why we think it is administrative error – example: Mr. Doe’s retirement package showed that his retirement estimate included post-1956 military service, yet there is no indication that he was given an estimate of his benefit without the military service. In addition, his application SF 2801 shows he indicated “not applicable” to the question on Schedule A as to whether a deposit was paid for post-1956 military service. Since he performed military service after 1956, the response should have been “yes” or “no”. This response suggests he did not understand the question or the consequences of not paying the post- 56 military deposit.*)

As such, you must process the post-1956 military deposit for (name of annuitant) and send us the required Military Deposit SF 2806 as soon as possible.

(*Enter contact name and number*)

Attachment B

Agency letter on Administrative Error for Post-1956 Military Deposit- FERS

Agency name
Address

RE: CSA:
SSN:

The purpose of this letter is to advise your agency that a post 1956 military service deposit must be computed for (*name of annuitant*). Generally, military deposits must be paid before separation as per title 5, Code of Federal Regulations, Section 842.307 (a) (3). However, this subpart also makes it clear that if there is an administrative error on the part of the agency, the individual has the opportunity to make the election after separation. Examples of administrative error include:

- Material misinformation (i.e., where the employee actually relied on the misinformation in electing not to make the deposit);
- Application errors or inconsistencies (i.e., if an application contains obvious errors or inconsistencies, the employing agency has an “obligation to investigate and resolve the problem before processing the application” – for instance, not checking any box or checking “Not applicable” in Schedule A when there is evidence an employee had post-1956 military service);
- Failure on the part of the agency to ensure a deposit was made “when all required forms are in order and the employee elected to make the deposit.”

OPM has determined that administrative error was the cause for (*Mr./Ms.....*) not completing (his/her) military deposit. (*Explain here why we think it is administrative error – example: Mr. Doe’s retirement application SF 3107 shows he indicated “not applicable” to the question as to whether a deposit was paid for post-1956 military service. Since he performed military service after 1956, the response should have been “yes” or “no”. This suggests he did not understand the question or the consequences of not paying the post- 1956 military deposit.*)

As such, you must process the post 1956 military deposit for (name of annuitant) and send us the required Military Deposit SF 3100 as soon as possible.

(*Enter contact name and number*)