



## ***Benefits Administration Letter***

Number 21-101

Date: April 2021

**Subject: Payment of Interest on Post-56 Military Deposit or Peace Corp or VISTA Service Deposit with an Administrative Error**

### **Purpose**

This Benefits Administration Letter (BAL) provides guidance on the implementation of Section 2 of Public Law (P.L.) 115-352 “Correcting Miscalculations in Veterans’ Pensions Act”. This law amends title 5, United States Code, to provide for interest payments by agencies in the case of administrative error in processing certain annuity deposits for prior military service or certain volunteer service, and for other purposes.

### **Background**

An administrative error generally occurs when the employing agency provides material misinformation concerning a post-1956 military service deposit. If an initial decision is made that a person cannot pay a belated deposit, the individual can file a request for reconsideration. In cases where the initial decision is reversed due to administrative error, the individual is given an opportunity to pay a belated deposit. Under prior law, there was no provision that allowed for the waiver of interest. Consequently, more money is owed than was initially billed because interest will continue to accrue on the remaining balance until the balance is paid in full.

Under P.L. 115-352, an agency can pay the additional interest on the employee’s behalf.

The amendments of P.L. 115-352 can be found in 5 U.S.C. §§ 8334(j)(6), 8334(l)(5)(A) and 5 U.S.C. § 8422(e)(7)(A), 8422(f)(5)(A) for CSRS and FERS respectively.

## Guidance

In calculating and processing deposits for service under 5 U.S.C § 8334(j)(1), and 5 U.S.C. § 8422(e)(1), (military deposits under CSRS and FERS respectively): if an employing agency makes an administrative error that causes additional interest to accrue on the deposit, the employing agency may pay, on behalf of the employee, any additional interest assessed due to the administrative error. The agency payment of additional interest must be included in the “Paid In Full” IRR. OPM will not accept this as a separate payment.

When the error is identified before the employee separates, the agency may pay, on behalf of the employee, the additional interest, and submit the correct amount of the deposit to the Office of Personnel Management (OPM).

When the administrative error is identified after the employee has separated, the last employing agency will be notified per the information in Benefits Administration Letter [\(BAL\) 17-101](#). The agency may then, on behalf of the employee, pay the additional interest assessed due to the administrative error.

In calculating and processing deposits for service under 5 U.S.C § 8334(l)(1), and 5 U.S.C. § 8422(f)(1), (Peace Corps and VISTA deposits under CSRS and FERS respectively): if an employing agency makes an administrative error that causes additional interest assessed to accrue on the deposit, the employing agency may pay, on behalf of the employee, any additional interest assessed due to the administrative error.

Because Peace Corps and VISTA service credit deposits are processed by OPM, it would be very rare that the administrative error occurred with the employing agency. In the event that an administrative error occurred at the employing agency that resulted in additional interest being assessed, for example, if an agency erroneously informed an employee that deposits could not be made for Peace Corps or VISTA service, then the agency can, on behalf of the employee, pay any additional interest assessed due to the administrative error.

Kenneth J. Zawodny, Jr.  
Associate Director  
Retirement Services