



PAYROLL OFFICE LETTER

U. S. Office of Personnel Management

Number: P-98-14

Date: November 27, 1998

SUBJECT: CALENDAR YEAR 1999 INTEREST RATE

Pursuant to 5 U.S.C. 8334(e)(3), the Department of the Treasury has informed the Office of Personnel Management (OPM) of the interest rate to be charged for calendar year 1999 on civilian service and military deposit accounts. The 1999 rate is 5.750%.

Interest is charged at the rate of 3% through December 31, 1984. Thereafter, interest is charged at the rate shown below:

Calendar Year	Interest Rate (%)	Calendar Year	Interest Rate (%)
1985	13.000	1992	8.125
1986	11.125	1993	7.125
1987	9.000	1994	6.250
1988	8.375	1995	7.000
1989	9.125	1996	6.875
1990	8.750	1997	6.875
1991	8.625	1998	6.750

The variable interest rate applies in the following cases:

- redeposits, if the agency or OPM received the refund application after September 30, 1982;
- deposits for noncontributory service after September 30, 1982;
- deposits for post-1956 military service; and
- interest paid for voluntary contributions.

The fixed interest rate of 3% applies after 1984 in the following cases:

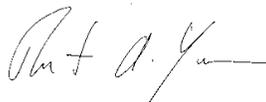
- redeposits, if the agency or OPM received the refund application before October 1, 1982; and
- deposits for noncontributory service performed before October 1, 1982.

Interest must not be charged on any deposit remittance that is *timely*. On the other hand, interest must be assessed if the remittance is not timely. To be considered timely, a remittance must be in the possession of the agency official authorized to collect it by the close of business on the last business day prior to the employee's IAD. For a remittance sent by mail, the date on the postmark does not constitute receipt.

In order to simplify the interest computation process, we have provided a Composite Interest Rate Table (Enclosure) showing the rates for each interest accrual date (IAD) for the remainder of calendar 1998 and all of 1999.

In addition, a number of agencies have developed programs for use on various platforms (mainframes, personal computers, etc.) enabling agency staff to effectively establish and maintain individual military service credit accounts. We have historically supported these efforts, providing individual agencies the discretion to determine the tools best suited to their needs. In that vein, we want to advise you of the availability of a program that may be accessed on the OPM web page www.opm.gov/asd. The program is entitled MILDEP99.exe and was written by Mr. Robert Benson. If you have any questions regarding this program please call Mr. Benson on (614) 692-4183 or contact him via email to Robert_Benson@DSCC.DLA.MIL.

Comprehensive information about the establishment and maintenance of service credit accounts, including the assessment of interest, is provided in the Civil Service Retirement System/Federal Employees Retirement System (CSRS/FERS) Handbook [Chapters 21 and 23]. If you would like to discuss this letter, please contact us on (202) 606-0606 or via email, finance@opm.gov.



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Enclosure