



**Federal Retirement  
Active Duty Military Service Credit**

**FERS & CSRS  
MOS IRS – FY 2010**



# PURPOSE



This presentation is geared towards IRS employees and has instructions that are specific to that demographic.

The objectives of this presentation are:

1. To inform the user about the steps necessary to “buy back” time served honorably in the United States Armed Forces and apply that to either a CSRS or a FERS retirement annuity.
2. To confirm the facts and dispel the rumors commonly held about the application of military service to federal retirement benefits.



# GENERAL



## **Guidelines for claiming post-1956 military service-**

- If you were first hired on or after October 1, 1982, you will not receive any credit for post-1956 military service if you do not make the deposit for it.

## **Guidelines for paying the post-1956 military service deposit-**

- You must make the deposit payment for your post-1956 military service before you stop working for the government. It must be paid to your employing agency. You should ask your local servicing personnel center for help in determining whether to make this payment. They can provide personalized assistance because they have your employment records.



# GENERAL



USERRA is the Uniformed Services Employment and Reemployment Rights Act. This law sets the tone with respect to military service buy-backs and deals with many of the intricacies applicable to this presentation and generally how to ensure your understanding about rights and responsibilities as Federal employee. USERRA information is available at <http://www.esgr.org/Site/USERRA/tabid/75/Default.aspx>



## How to make your post-1956 military deposit



- Once you decide to pay the required deposit (by either lump sum or installment payments), complete SF-3108, [http://www.opm.gov/forms/pdf\\_fill/sf3108.pdf](http://www.opm.gov/forms/pdf_fill/sf3108.pdf) and RI-20-97, *Estimated Earnings During Military Service* [http://www.opm.gov/forms/pdf\\_fill/RI20-97.pdf](http://www.opm.gov/forms/pdf_fill/RI20-97.pdf)
- Forward the RI-20-97 along with a copy of your DD-214 (military discharge certificate) or active duty orders, and any available records of pay or promotions, to the appropriate military pay center. Once you receive the returned earnings information, return it with the SF-3108 to the Benefits and Services Team (BeST) site in your region.



## How to make your post-1956 military deposit



- If you do not have a DD-214 or active duty orders, you can request SF-180, <http://www.archives.gov/research/order/standards-form-180.pdf>, to have your service verified before submitting the RI-20-97 to the military pay center.
- You must complete your post-1956 military deposits before final adjudication of your retirement. A Retirement Specialist can provide you with your outstanding balance at retirement. You may then make a lump sum payment to complete the deposit.



# CSRS



<p><b>If you were first employed in a civilian position...</b></p>	<p><b>Credit for Post-1956 Military Service</b></p>
<p><b>Before 10/1/82</b></p>	<p>When eligible for Social Security benefits, your military service after 1956 is used in the computation of your Social Security. Unless you pay a deposit (prior to retirement) for your military service after 1956, it will not count toward your CSRS retirement benefit. However, if you pay the deposit, no adjustment to your retirement benefit is made at age 62.</p>
<p><b>On or After 10/1/82</b></p>	<p>You will not receive any credit for post-1956 military service unless you pay a deposit to your current agency for that service before you stop working.</p>



# CSRS (cont.)



- **Amount of Deposit** - The CSRS deposit for post-1956 military service is 7% of your cumulative military basic pay during those years.
- **Procedures** - You must make the payment before you stop working for the government. Ask your local servicing personnel center for help in determining whether to make this payment. The form required to do so is the **SF-2803** ([http://www.opm.gov/Forms/pdf\\_fill/sf2803.pdf](http://www.opm.gov/Forms/pdf_fill/sf2803.pdf)), submitted along with the calculated cost of your deposit to your BeST contact:



# FERS



**\*As a general rule, all honorable active duty military service is potentially creditable under FERS.**

## **Exceptions:**

- Employees in receipt of military retired pay receive no credit for military retired pay unless the military retired pay is waived. Waiver request must be submitted at least 60 days before separation from federal service so that it will take effect when FERS annuity commences. (Waives only monthly check; it does not waive other military benefits.), or
- The active duty military service was not included in the computation of military retired pay (to include service as a cadet or midshipman in any of the service academies)

**However, credit is allowed if retired pay is based on combat-connected disability or age and service in the reserves**



# FERS (cont.)



## FERS Military Service Credit ("Buy-Back")

- No deposit due for military service performed before 1957.
- A deposit is required in order to receive credit for military service performed after 12/31/1956. (Necessary to get credit for both eligibility and computation purposes.)
- The military deposit is 3% of the basic pay earned during the post-1956 military service, plus interest.
- Interest starts and is compounded annually beginning 3 years from the date of the first employment under FERS. Interest is charged at the variable market rate.



# FERS (cont.)



- To receive FERS credit for military service performed after 1956, you must pay a deposit. The form required to do this is the **SF-3108** ([http://www.opm.gov/forms/pdf\\_fill/sf3108.pdf](http://www.opm.gov/forms/pdf_fill/sf3108.pdf)), submitted along with the calculated cost of your deposit to your BeST contact.
- If you transferred to FERS and have a CSRS component, any military service performed before the transfer to FERS is credited under CSRS rules and military service performed after the transfer is credited under FERS rules. Remember that the CSRS portion of the deposit is 7% of basic military pay.



# Suggestions

- When making deposit payments to IRS, pay by check and maintain a copy of the canceled check. This will prove that your check was received and cashed.
- Make copies of your deposit application and any communications received from IRS (or OPM as applicable). In addition, be sure to have copies of these communications filed in your official personnel folder.
- Agencies have software that can accurately compute the amount of civilian and military deposits. If you don't feel comfortable paying your deposit directly to IRS, then have your agency figure what you owe and pay yourself that amount. This means putting the money you owe for the deposit in a savings account or other safe investment to have available to pay back when you retire or before. Military deposits must be paid to your agency prior to retirement. By postponing the payment, interest will continue to accrue on the unpaid balance of your deposit. The 2010 interest rate is 3.125 percent.



# Good References



- <http://erc.web.irs.gov/DOCS/2002/AWSS/PS/eprg0200/EP RGWEB.pdf>
- <http://core.publish.no.irs.gov/othergov/pdf/31948k00.pdf>
- <http://core.publish.no.irs.gov/docs/pdf/36603g03.pdf>
- <http://erc.web.irs.gov/Displayanswers/AnswerType.asp?QuestionID=1756&SubCategoryID=0&CategoryID=124&FolderID=5>
- [http://erc.web.irs.gov/Displayanswers/Print\\_Format.asp?QuestionID=1747](http://erc.web.irs.gov/Displayanswers/Print_Format.asp?QuestionID=1747)
- [http://erc.web.irs.gov/DOCS/2002/AWSS/PS/eprg0200/eprg\\_frame/14\\_retirement.htm](http://erc.web.irs.gov/DOCS/2002/AWSS/PS/eprg0200/eprg_frame/14_retirement.htm)