

Personnel Employee Bulletin

August 1, 2007

DLA Human Resources Centers (DHRC)
New Cumberland, PA and Columbus, OH

Deposit Service

There are three types of deposits/re-deposits a Federal civil service employee should be aware of:

Deposit for non-deduction service

Non-deduction service is Federal civilian service that is potentially creditable for retirement, but for which no retirement deductions were withheld from salary (by retirement deductions, we refer to the 7 percent CSRS retirement contribution or the 0.8 percent FERS retirement contribution that is typically withheld from a Federal employee's salary). Non-deduction service includes intermittent service and service earned under temporary or indefinite appointments.

Exception: Non-deduction service performed on or after Jan. 1, 1989, is not creditable under FERS for any purpose. This service will be deducted from the service computation for retirement purposes. If the non-deduction service was performed before 1989 and is being used for FERS credit, then the deposit must be paid for the service to be creditable for any retirement purpose.

Impact of Non-deduction service for which no deposit has been paid: CSRS Retirement Example

Dates of non-deduction service: January 1, 1980, through December 31, 1980

Amount of Deposit: 7 percent (retirement contribution rate in 1980) X \$10,000 (Salary for the period above) = \$700

Interest on deposit: 3 percent compounded annually: \$750

* Interest accrued at 3 percent until October 1, 1985, and then switched to a variable rate each year (as high as 13 percent, and currently 4.875 percent).

Total unpaid deposit \$1,450

Retirement reduction: \$145 per year (10 percent of unpaid deposit)

Redeposit of refunded CSRS Contributions

A redeposit of refunded CSRS Contributions is a repayment of CSRS retirement deductions that have been previously refunded to the employee.

No credit will be allowed in the computation of the annuity unless the total amount owed is paid before your retirement annuity is adjudicated by OPM, unless the refunded service ended before October 1, 1990, or you are eligible to receive the Alternative Form of Annuity.

If you have received a refund that covers a period of service that ended before October 1, 1990, including employment covered by another Federal retirement system, you will not have to pay the redeposit to receive credit for that service when you retire. Instead, full credit for the refunded service will be allowed in computing your annuity, but the annuity will be actuarially reduced based on your age and the amount of redeposit, including interest, you owe at the time you retire. You may elect to pay the redeposit in full if you prefer, and avoid the actuarial reduction.

FERS employees are not permitted to repay refunded FERS deductions.

Post-Military service credit deposit

Military salaries after 1956 were subject to Social Security tax withholding. Pre-1957 military salaries were exempt from Social Security taxes. Generally, pre-57 military service is creditable under CSRS and FERS, but post-56 service can be credited only when a payment is made to the retirement fund. Under CSRS, a deposit is not necessary if the individual is not qualified for Social Security benefits at age 62 (or at retirement, if later than 62). Under the Federal Employees Retirement System (FERS), a military service deposit must be made to be creditable for retirement purposes.

For additional information visit our website at:

<http://www.hr.dla.mil/downloads/retirement/MilitaryServiceDepositInformationSheet.pdf>.

For instructions on how to make a military deposit go to

<http://www.hr.dla.mil/downloads/retirement/HowToMakeMilitaryDeposit.pdf>

For information on how to receive a calculation of monies owed or how to make a deposit or redeposit, contact your employee benefits specialist at <http://www.hr.dla.mil/cntctus.htm>.

For additional information, please contact your servicing DLA Human Resources Center, <http://www.hr.dla.mil/cntctus.htm>. The Personnel Employee Bulletin is published on the first and third Wednesday of each month.