



Improving the Capabilities of the HR Workforce

DCPAS VIRTUAL BENEFITS SYMPOSIUM

Creditable Military Service

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OBJECTIVES

- Identify creditable military service
- Identify required deposit and the cost of a deposit
- Explain interest accrual dates
- Explain factors to consider regarding military retired pay
- Discuss USERRA deposit rules



United States Armed Forces

Title 10, U.S.C. – Active Duty

Title 32, U.S.C. – National Guard



Honorable Military Service

Includes Honorable Active Duty service in the:

- Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service after January 30, 1960, Commissioned Officer of National Oceanic and Atmospheric Administration after January 30, 1961
- Reserves

Not Creditable:

- AWOL (Lost Time)
- Discharge – “Under other than Honorable Conditions”
- Inactive Duty Training (IDT)



Retired Military Service

Military Retired Pay is creditable if the employee is:

- Receiving combat incurred disability pay
- Receiving Reserve Retired Pay under Chapter 67 (Sections 12731-12739, Title 10)
- Not retired including service in computation of military pay
- Prepared to submit a waiver 60-90 days prior to retirement



Military Retired Pay

Effective January 1, 2007, military retired pay is no longer capped at 30 years of military service:

- Military service in excess of 30 years can no longer be automatically used on the civilian side without a waiver of the military retired pay.

Academy/cadet time is not included in military retired pay:

- Service can be used on civilian side for credit if a deposit for the service is paid. Waiver of active-duty retirement is NOT required per Chapter 22 of CSRS/FERS handbook.



Important Notice

Effective January 1, 2007, military retired pay greater than 75% and over 30 years is no longer capped at 30 years of military service; military service in excess of 30 years can no longer be automatically used on the civilian side without a waiver of the military retired pay.

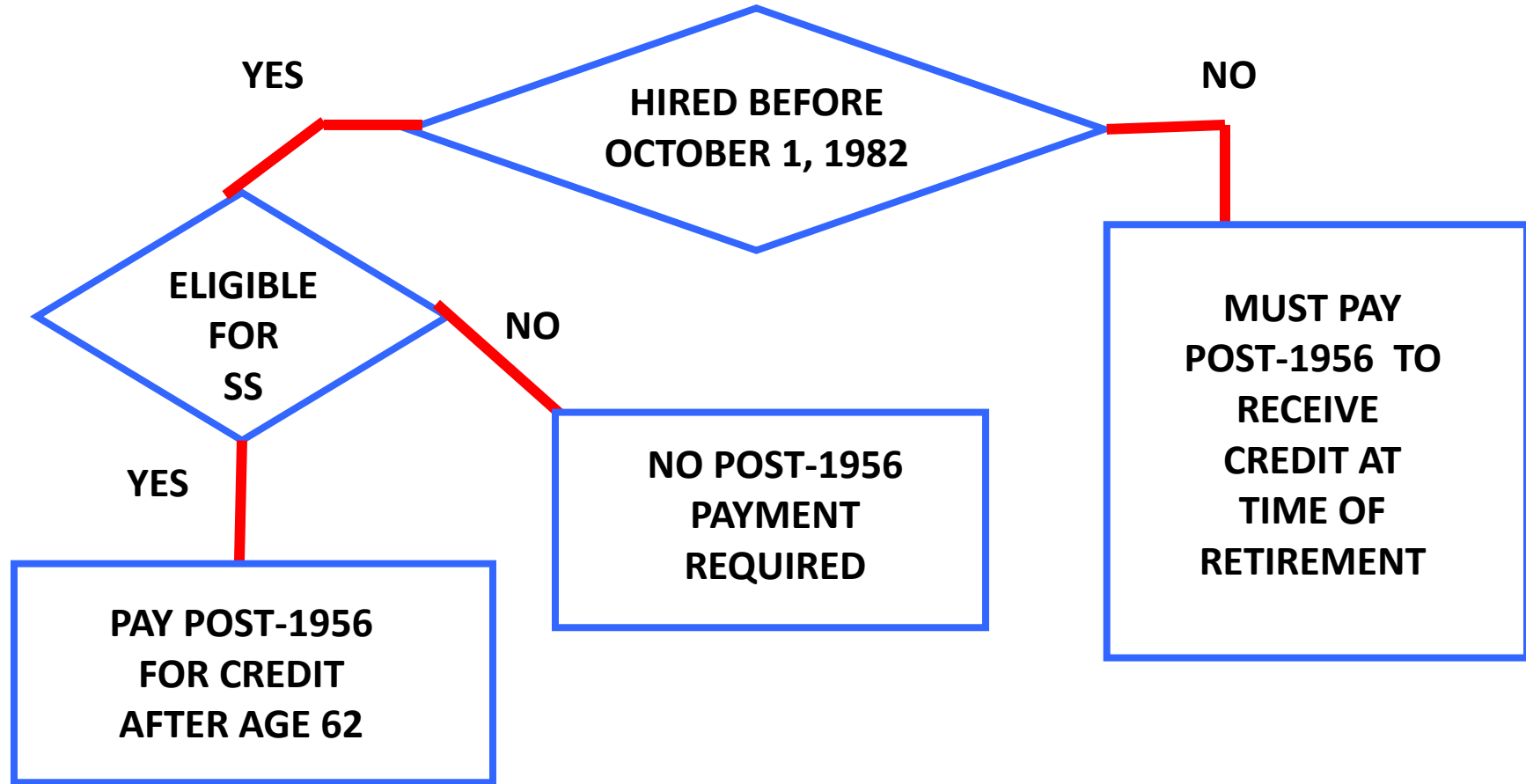


Military Deposit

Individuals who performed military service on or before December 31, 1956, receive full credit for this service under CSRS and FERS. No deposit is required; *it's free.*



CSRS – Post-1956 Military Service Credit



FERS – Post-56 Military Service Credit

**EMPLOYEE WITH
MILITARY SERVICE ON OR
AFTER JANUARY 1, 1957**

**MUST PAY DEPOSIT FOR
POST-1956 SERVICE TO
RECEIVE CREDIT AT
TIME OF RETIREMENT**



Military Service Deposits

Two calculations are required ONLY when employee exercises their restoration rights

Employee pays lesser of:

- **CSRS:** 7% of the military base pay received or 7% of what the civilian earnings would have been*
- **CSRS Offset:** 7% of the military base pay received or .8% of what the civilian earnings would have been

FERS: 3% of the military base pay received or .8% of what the civilian earnings would have been**

FERS-RAE 3% or 3.1% & **FERS-FRAE** 3% or 4.4%

**Percentages may vary depending on the dates of service*

*** Interest Rate Exception: 1999 & 2000*



FERS – Military Service Example



Name: Linda Lumpkins

Retirement system: FERS (11 years)

Military Service: U.S. Air Force 5yrs 0mos
0days

High-3 average salary: \$30,000

Deposit amount: \$3,000



FERS – Military Service Example

Total Creditable Service with deposit:

11 Years of Service (FERS)
+ 5 years U.S. Navy
= 16 years

16% of \$30,000 (High 3) = \$4,800 per year or
\$400 per month

With deposit paid Linda's annuity increased by \$1,500 annually



FERS – Military Service Example

Total Creditable Service:

11 Years of Service (FERS)
= 11 years

11% of \$30,000 (High 3) = \$3,300 per year or
\$275 per month

Under FERS rules if **Linda's military deposit is NOT paid** he will only receive credit for his FERS civilian service.



Interest Accrual on Military Service Deposits

2- year interest free period to make a deposit for periods of military service

*Interest free period begins when the employee returns to duty and ends 3 years from that date **known as the Interest Accrual Date (IAD)***

Interest is added to any remaining unpaid balance on every IAD anniversary date until the deposit is paid in full



Interest Accrual on Military Service Deposits

CSRS

No interest charged if deposit paid in full before interest accrual date, which is the 3rd anniversary of proper restoration in accordance with USERRA to a CSRS position

FERS

No interest charged if deposit paid in full before interest accrual date, which is the 3rd anniversary of proper restoration in accordance with USERRA to a FERS position



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Interest Accrual on Military Service Deposits



Employee: Active duty service (08/17/2009 - 08/17/2012)
Returns to covered position on 08/19/2012

IAD: 08/19/2015

HR Specialist: Employee's IAD is established as 08/19/2015 because of the date the employee returned to his/her covered position. On the IAD of 08/19/2015 one year of interest will be added to the employee's unpaid balance.



Composite Interest Rate

Interest rates are computed based on a calendar year

Two interest rates may apply since interest accrual periods usually do not coincide



Military Service Deposit Process

- Employee obtains record of military basic pay via completion and submission of Form RI 20-97
- Employee applies by completing a SF 2803A OR SF 3108A
- Employee makes payments to agency (DFAS Payroll)
- Deposit must be paid in full at agency before retirement



Human Resources Responsibilities

Processing
Uniformed
Service Actions

&

Counseling
Employees



Counseling Employees & Processing Uniformed Service Actions

Use Uniformed Service checklist to ensure consistent counseling (signature of acknowledgement if possible)

Upon notification, request supporting documentation (if possible)

Review restoration rights

- time limits
- notification process
- appeal rights

Encourage employees to review beneficiary forms:

Unpaid Compensation (SF 1152)

Retirement contributions (CSRS, SF 2808)
(FERS, SF 3102)

Federal Employees' Group Life Insurance
(FEGLI, SF 2823)



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<https://forms.osi.apps.mil/r/PQWYPm2Rvq>



EBA Session: Creditable Military
Service

