

ORDER

U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

DK
EA 3800.5

EASTERN REGION
JAMAICA, N. Y. 11430

6/05/92

POST-1956 MILITARY SERVICE CREDIT DEPOSITS

SUBJ:

1. PURPOSE. This Order is to inform employees of the requirements for crediting post-1956 military service under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS).

2. DISTRIBUTION. This order is distributed to all employees in the Eastern Region.

3. BACKGROUND. Prior to September 8, 1982, CSRS annuitants who were eligible for Social Security at age 62 could not receive credit for military service performed after 1956 even if it had previously been credited in the computation of their annuity benefits. When an annuitant retired before age 62 and post-1956 military service was included in the annuity computation, it had to be deleted at the end of the month before his or her 62nd birthday, if he or she was eligible for Social Security at that time. P.L. 97-253 and P.L. 99-335 now give employees who have honorable active military service performed after December 1956 the option of depositing a percentage of their military earnings for each period of military service they wish to have credited towards their retirement annuity. A period of post-1956 military service is defined as total years, months, and days from initial entry on active duty (or 1/1/57, if earlier) to the date of final discharge for enlisted military personnel, and to the date of final release from active duty for officers and reservists, excluding any lost time.

4. EFFECT ON RETIREMENT ANNUITY.

a. Employees first hired before October 1, 1982 under the Civil Service Retirement System. These employees have two options:

(1) Making the deposit for post-1956 military service, which guarantees that all active military service will always be fully creditable towards the CSRS annuity computation, or

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(2) Not making the deposit and receiving military service credit towards the CSRS annuity computation only until age 62. At that time the CSRS annuity will be recomputed without post-1956 military service credit and it will be reduced.

NOTE: This recomputation of CSRS annuity benefits will only occur if the annuitant is eligible for Social Security benefits at age 62. If the annuitant will not be eligible for Social Security benefits at age 62, no deposit is needed and no service credit will be lost.

b. Employees first hired between October 1, 1982 and December 31, 1983 under the Civil Service Retirement System. These employees will receive credit for post-1956 military service at the time of retirement only if a deposit for the military service is made.

c. Employees first hired after January 1, 1984 who were automatically covered under the Federal Employees Retirement System. These employees will receive credit for post-1956 military service at the time of retirement only if a deposit for the military service is made.

5. DETERMINING AMOUNT OF DEPOSIT AND INTEREST ACCRUAL DATE. The CSRS law provides a two-year interest free grace period. After the two-year period, interest is accrued and compounded annually. Because of this, there is, in effect, a three-year interest free period if the deposit is paid in full before the first interest accrual date (IAD).

a. The amount of deposit for employees first hired under CSRS before October 1, 1983, will be 7 percent of military base pay received during the period of post-1956 military service, plus interest which accrued effective October 1, 1986, the first CSRS IAD. Interest is compounded annually each subsequent October 1 until the deposit is paid in full. Deposits paid in full prior to the October 1 IAD of the current year will not accrue interest for that year. It is important to note that a deposit is not considered paid until it is credited upon receipt in the Payroll Division in Oklahoma City, Oklahoma.

b. The amount of deposit for employees first hired under CSRS between October 1, 1983, and December 31, 1983, will be 7 percent of military base pay received during the period of post-1956 military service, plus interest accruing after the two-year grace period as described in paragraph 5. The two-year grace period will vary with each individual. Since interest is compounded annually, each employee's IAD will actually be three years from the date first employed under CSRS. If the deposit is not paid in full prior to the IAD, interest will continue to accrue each year on the IAD until the deposit is paid in full. Deposits paid in full prior to the IAD in the current year will not accrue interest for that year.

c. The amount of deposit for FERS employees first hired on or after January 1, 1984, will be 3 percent of military base pay received during the period of post 1956 military service, plus interest accruing after the two-year grace period as described in paragraph 5. The two-year grace period will vary with each individual. Since interest is compounded annually, each employee's IAD will actually be three years from the date first employed under FERS. If the deposit is not paid in full prior to the IAD, interest will continue to accrue each year on the IAD until the deposit is paid in full. Deposits paid in full prior to the IAD in the current year will not accrue interest for that year.

NOTE: Because of the length of time it took to effect the FERS legislation, employees hired between January 1, 1984, and December 31, 1986, were granted an additional interest-free period. The IAD for employees first hired between January 1, 1984, and December 31, 1986, was January 1, 1990. For employees first hired on or after January 1, 1987, the IAD will be three years from the date first employed under FERS.

6. MILITARY RETIREES. Employees in receipt of military retired or retainer pay have the option of either:

a. Waiving military retired or retainer pay at the time of civilian retirement and making a post-1956 military service credit deposit under CSRS and FERS. When military retired or retainer pay is waived at the time of retirement, and the post-1956 deposit is paid, service credit is granted for the full

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period of military service towards the retirement annuity. However, the total actual service credited towards retirement under CSRS cannot exceed 41 years and 11 months. Forty-one years and 11 months service would produce a CSRS retirement annuity of 80 percent of the highest three years' average earnings. This is the maximum CSRS annuity allowable based on actual service credit. A CSRS retirement annuity in excess of 80 percent of the high-three average which is produced by the addition of sick leave credit is allowable. There are no maximum annuity or sick leave credit provisions under FERS.

b. Not waiving military retired or retainer pay. If military retired or retainer pay is not waived, a post-1956 deposit is not required and no credit will be allowed under CSRS or FERS for any period of post-1956 military service.

(1) Exceptions. Military retired or retainer pay need not be waived and post-1956 military service credit will be allowed under CSRS or FERS only if the post-1956 deposit is paid and the retired or retainer pay was:

a. based on a service-connected disability incurred in combat with an enemy of the United States; or

b. based on a service-connected disability caused by an instrumentality of war and incurred in the line of duty during a period of war; or

c. based on the reserve retiree provisions (Chapter 67, Title 10, U. S. Code).

7. VERIFYING MILITARY EARNINGS. Interested employees may document the amount of military base pay earned by submitting copies of pay vouchers or pay records, or by submitting the Estimated Earnings During Military Service form (See Appendix 1) to the finance center of the appropriate branch of service. A copy of the DD 214 (or equivalent discharge document) must also be submitted to the finance center. The finance center cannot provide estimated earnings unless verification of service is attached.

8. PROCEDURES. Upon receipt of the completed estimated earnings statement from the finance center, employees must complete Standard Form 2803, Application to Make Deposit or Redeposit (See Appendices 2, 3 and 4). Submit the appropriate original SF 2803, the original estimated earnings statement and a copy of the DD 214 or equivalent to the Employee Benefits Section, AEA-15B. AEA-15B will compute the amount of deposit plus interest, if applicable, and send written notification concerning the total deposit due.

9. METHODS OF PAYMENT. The notification of the amount of post-1956 deposit due will provide employees an opportunity to elect a method of payment. The methods of payment available are:

a. Payment in Full. The full amount of the deposit due plus interest, if applicable, can be paid in one lump sum by personal check or money order.

b. Bi-weekly Payroll Deduction. Bi-weekly payments may be made through payroll deduction in increments of \$25.00 (i.e., \$25.00, \$50.00, \$75.00, etc.). Employees must complete DOT F 2730.1, Authorization for Payroll Deduction For Post-1956 Military Service Deposit.

c. Installment Payments. Installment payments may be made to the Payroll Branch in increments of \$50.00 (i.e., \$50.00, \$100.00, \$150.00, etc.) by personal check or money order. No payments should be sent to payroll until an account number has been assigned by AEA-15B.

10. DEATH IN SERVICE. Survivors of deceased employees may make a deposit for the employee's post-1956 military service to the agency under both CSRS and FERS provided that the military service is creditable. Such deposits must be paid in one lump sum.

11. REFUNDS OF DEPOSITS FOR MILITARY SERVICE. Military service deposits may be refunded in certain situations.

a. Completed or partial deposits may be refunded to employees who separate without entitlement to an immediate annuity, and who apply for (and are entitled to) a refund of all retirement contributions.

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b. Incomplete deposits may be refunded to employees or survivors of deceased employees in connection with an application for retirement or survivor benefits.

c. If a retiring employee is eligible for and elects the alternative form of annuity upon retirement, he or she will receive a lump-sum payment equal to his or her total contributions to the retirement fund, including any military service deposits. The military deposit cannot be deemed paid at retirement when the employee elects the alternative annuity. The amount of the deposit must be paid to the employing agency prior to the employee's separation.

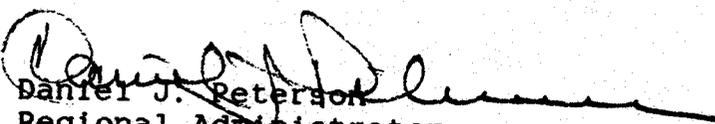
d. Employees who receive military retired pay and choose not to waive it will receive a refund of all money paid toward a military deposit at retirement. A retiring employee who receives a refund of his or her deposit because of a decision not to waive military retired pay may not redeposit that money at a later date, unless he or she is reemployed as an annuitant and acquires a new annuity right as described in paragraph 12.

12. REEMPLOYED ANNUITANTS. Reemployed annuitants who have not previously made a post-1956 deposit prior to retiring initially, may make a deposit only under the following conditions:

a. After completion of at least 5 years of full-time service, or the equivalent of 5 years of full-time service on a part-time basis.

b. If the reemployed annuitant makes an election to have his or her annuity recomputed in order to receive a new annuity as if he or she had never retired before. However, if the annuity is recomputed, the annuitant must also make a deposit to cover any period of service as a reemployed annuitant for which no retirement deductions were withheld from pay. Before deciding about making the post-1956 deposit, contact the Employee Benefits Section about how a recomputation of annuity will affect you.

13. INFORMATION. Any further questions should be directed to the Employee Benefits Section at FTS 2000 (718) 553-1063.


Daniel J. Peterson
Regional Administrator



ESTIMATED EARNINGS DURING MILITARY SERVICE

INSTRUCTIONS: Use a separate RI 20-97 for each branch of service. Attach DD 214 or equivalent and any available records of pay or promotions. If you do not have a DD 214 or equivalent, obtain an SF 180 from your personnel office and have your service verified before forwarding this form to the pay center. The pay center cannot provide estimated earnings unless verification of service is attached.

To	Employee name (Last, First, Middle)	
	Other names used	
	Social Security Number	Date of birth
	All military service numbers	
	Branch of Service	

The uniformed services must provide estimated basic pay by Federal employees for military service after December 31, 1956, for the purpose of making a deposit to the Civil Service Retirement and Disability Fund for retirement credit. Please provide the estimated basic pay earned by the above named employee.

Signature of requester	Relationship to employee <input type="checkbox"/> Employee is requester <input type="checkbox"/> Other (Specify) <input type="checkbox"/> Survivor	Date
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Active military service after December 31, 1956 (Dates indicated below must be based on DD 214 or equivalent certification.)	TO BE COMPLETED BY AUTHORIZED OFFICIAL Estimated Earnings (Base Pay) (Do not provide estimated earnings for any period of service prior to January 1, 1957.)					Type of Discharge
From (Mo, Dy, Yr)	To (Mo, Dy, Yr)	From (Mo, Dy, Yr)	To (Mo, Dy, Yr)	Rate of Basic Pay	Earnings	
					\$	
					\$	
					\$	
					\$	
					\$	

1. If period of service began before and ended after December 31, 1956, enter date service actually began. (Mo, Dy, Yr)	2. Lost time <input type="checkbox"/> None <input type="checkbox"/> Number of days _____ <input type="checkbox"/> Inclusive dates ▶								
	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width: 25%;">From (Mo, Dy, Yr)</th> <th style="width: 25%;">To (Mo, Dy, Yr)</th> <th style="width: 25%;">From (Mo, Dy, Yr)</th> <th style="width: 25%;">To (Mo, Dy, Yr)</th> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table>	From (Mo, Dy, Yr)	To (Mo, Dy, Yr)	From (Mo, Dy, Yr)	To (Mo, Dy, Yr)				
From (Mo, Dy, Yr)	To (Mo, Dy, Yr)	From (Mo, Dy, Yr)	To (Mo, Dy, Yr)						

Signature of authorized official furnishing estimate	Date (Mo, Dy, Yr)	Telephone number (Including Area Code)
Typed name of authorized official	Title of authorized official	

Requester's name and address

Return Completed Form to

Send the Request for Earnings During Military Service to the appropriate address shown below.

Army

Director
DFAS-Indianapolis Center
Fort Benjamin Harrison
Indianapolis, IN 46249-0001

Navy

Director
DFAS-Cleveland Center
Anthony J. Celebreeze Center
Cleveland, OH 44199-2055

Air Force

Director
DFAS-Denver Center
Lowry AFB
Denver, CO 80279-5000

Marine Corps

Director
DFAS-Kansas City Center
1500 E. 95th Street
Kansas City, MO 64197-0001

Coast Guard

Commanding Officer
Settlements and Records
U.S. Coast Guard
Military Pay and Personnel Center
444 SE Quincy Street
Topeka, KS 66683-3591

Public Health
Service

Public Health Service
Division of Commissioned Personnel
Compensation Branch
Parklawn Building, Room 4-50
5600 Fisher's Lane
Rockville, MD 20857

National Oceanic
and Atmospheric
Administration

National Oceanic and Atmospheric Administration
Department of Commerce
Commissioned Personnel Office
11400 Rockville Pike, Room 105
Rockville, MD 20852

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Appendix 2

APPENDIX 2. SAMPLE APPLICATION TO MAKE DEPOSIT FOR PRE-10/1/82 GSRS EMPLOYEES

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APPLICATION TO MAKE DEPOSIT OR REDEPOSIT

CIVIL SERVICE RETIREMENT SYSTEM

OMB Approved
No. 3206-0134
Expires 5/31/90

TO AVOID DELAY IN PROCESSING:
1. Read the attached information carefully.
2. Typewrite or print in ink.
3. Complete Part A in full and have your employing agency complete Part B. If you are not Federally employed, Part B need not be completed.



A. TO BE COMPLETED BY THE APPLICANT

1. Name <i>(Last)</i>	2. List All Other Names You Have Used <i>(Middle)</i>	3. Birthdate <i>(Month, day, year)</i>
4. Address <i>(Number and Street)</i>	5. Department or Agency in Which Presently or Last Employed, Including Bureau, Branch or Division	6. Social Security No.
<i>(City, State and ZIP Code)</i>	7. Location of Employment <i>(City and State)</i>	8. Title of Last Position

List below in chronological order all "deposit" periods of civilian service during which no Civil Service Retirement deductions were withheld from your salary; and all "redeposit" periods of civilian service during which retirement deductions were withheld and later refunded to you.

Department or Agency, Including Bureau, Branch or Division, Where Employed	Location of Employment <i>(City and State)</i>	Title of Position	Periods of Service		Check Whether Deductions Were Not Withheld or Were Withheld and Refunded	
			Beginning Date	Ending Date		Not Withheld
<p>"I wish to pay the deposit for my military service after 1956. I understand that the entire deposit must be paid to my agency before separation for retirement and that if I do not complete the deposit at that time, the post-1956 military service will not be used to compute my annuity after age 62, if I am eligible for Social Security. Any incomplete deposit that will not pay for one or more full periods of military service will be refunded. Otherwise, my deposit is refundable only if I become eligible for a refund of civil service retirement contributions, or retire without waiving my military retired pay (if any). I further understand that the military deposit cannot be deemed paid at retirement if I am eligible for and elect an alternative annuity. If I do elect the alternative annuity upon retirement, any completed military deposits I made to the Fund will be refunded to me along with any other retirement contributions or payments I made to the Fund."</p>						

9. Are Deductions for Civil Service Retirement Now Being Withheld From Your Salary?
 Yes No

10. If Your Answer is "No," Give the Date of Separation From Your Last Position Under the Civil Service Retirement Law _____ Date of Separation

Signature of Applicant _____ Telephone Number *(including area code)* Where You Can Be Reached During the Day _____ Date _____

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Appendix 3

APPENDIX 3. SAMPLE APPLICATION TO MAKE DEPOSIT FOR POST-10/1/82 CSRS EMPLOYEES

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APPLICATION TO MAKE DEPOSIT OR REDEPOSIT
CIVIL SERVICE RETIREMENT SYSTEM

TO AVOID DELAY IN PROCESSING:

1. Read the attached information carefully.
2. Typewrite or print in ink.
3. Complete Part A in full and have your employing agency complete Part B. If you are not Federally employed, Part B need not be completed.

OMB Approved
No. 3206-0134
Expires 5/31/90

A. TO BE COMPLETED BY THE APPLICANT

1. Name (Last) (First) (Middle)		2. List All Other Names You Have Used		3. Birthdate (Month, day, year)	
4. Address (Number and Street) (City, State and ZIP Code)		5. Department or Agency in Which Presently or Last Employed, Including Bureau, Branch or Division		6. Social Security No.	
7. Location of Employment (City and State)		8. Title of Last Position			
<p>List below in chronological order all "deposit" periods of civilian service during which no Civil Service Retirement deductions were withheld from your salary; and all "redeposit" periods of civilian service during which retirement deductions were withheld and later refunded to you.</p>					
Department or Agency, Including Bureau, Branch or Division, Where Employed	Location of Employment (City and State)	Title of Position	Periods of Service		Check Whether Deductions Were Not Withheld or Were Withheld and Refunded
			Beginning Date	Ending Date	
<p>"I wish to pay the deposit necessary to obtain credit for my military service after 1956. I understand that the entire deposit must be paid to my agency before separation for retirement and that if I do not complete the deposit at that time the post-1956 military service will not be used to compute or establish title to a CSRS annuity. Any incomplete deposit that will not pay for one or more full periods of military service will be refunded. Otherwise, my deposit is refundable only if I become eligible for a refund of civil service retirement contributions or retire without waiving my military retired pay (if any). I further understand that the military deposit cannot be deemed paid at retirement if I am eligible for and elect an alternative annuity. If I do elect the alternative annuity upon retirement, any completed military deposits I made to the Fund will be refunded to me along with any other retirement contributions or payments I made to the Fund."</p>					
9. Are Deductions for Civil Service Retirement Now Being Withheld From Your Salary? <input type="checkbox"/> Yes <input type="checkbox"/> No		10. If Your Answer is "No," Give the Date of Separation From Your Last Position Under the Civil Service Retirement Law		Date of Separation	
Signature of Applicant			Telephone Number (including area code) Where You Can Be Reached During the Day		

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APPENDIX 4. SAMPLE APPLICATION TO MAKE DEPOSIT FOR FERS EMPLOYEES

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APPLICATION TO MAKE SERVICE CREDIT PAYMENT FOR CIVILIAN SERVICE
FEDERAL EMPLOYEES RETIREMENT SYSTEM

TO AVOID DELAY IN PROCESSING:
1. Read the attached information carefully.
2. Typewrite or print in ink.
3. Complete Part A in full. If you are currently a Federal employee, have your employing agency complete Part B.

A. TO BE COMPLETED BY THE APPLICANT

1. Name (Last, first, middle)		2. List other names you have used		3. Birthdate (mo, dy, yr)	
4. Address (Number and street)		5. Department or agency in which presently or last employed, including bureau, branch, or division		6. Social Security Number	
(City, State, and ZIP Code)		7. Location of employment (city and state)		8. Title of position	
9. Have you previously filed any application under the Federal Employees Retirement System (FERS) or the Civil Service Retirement System (CSRS)?		9a. Type of application	Service credit payment <input type="checkbox"/> Refund <input type="checkbox"/>	9b. Claim number(s) (if available)	
		Yes (Complete items 9a and 9b.) <input type="checkbox"/>	Return of excess deductions <input type="checkbox"/> Retirement <input type="checkbox"/>		
10. List below in chronological order all periods of Federal civilian service. Be sure all your service is listed so that the Office of Personnel Management (OPM) can bill you for the correct amount.		Title of Position		Check whether deductions were not withheld, withheld and refunded, or withheld and remain to your credit	
Department or Agency, including bureau, branch or division, where employed		Location of Employment (city and state)		Beginning Date	Ending Date
"I wish to pay the deposit necessary to obtain credit for my military service after 1956. I understand that the entire deposit must be paid to my agency before separation for retirement and that if I do not complete the deposit at that time the post-1956 service will not be used to compute or establish title to a FERS annuity. Any incomplete deposit that will not pay for one or more full periods of military service will be refunded. Otherwise, my deposit is refundable only if I become eligible for a refund of retirement contributions or retire without waiving my military retired pay (if any). I further understand that the military deposit cannot be deemed paid at retirement if I am eligible for and elect an alternative annuity. If I do elect the alternative annuity upon retirement, any incomplete military deposits I made to the Fund will be refunded to me along with any other retirement contributions or payments I made to the Fund."				Not Withheld	Withheld and Refunded
11. Are deductions for the Federal Employees Retirement System now being withheld from your salary?		12. If your answer is "No," give the date of separation from your last position under the Federal Employees Retirement System		Date of separation	
Yes <input type="checkbox"/> No <input type="checkbox"/>					
13. Signature of applicant		14. Telephone number (including area code) where you can be reached during the day		15. Date	