



**U.S. DEPARTMENT OF TRANSPORTATION**  
**FEDERAL AVIATION ADMINISTRATION**  
Eastern Region Policy

**ORDER**  
**EA 3800.5A**

Effective Date:  
07/18/2011

**SUBJ:** Post-1956 Military Service Credit Deposits

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**1. Purpose of This Order.** 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. Audience.** This order is intended for all personnel who are called upon to support military activities.

**3. Where Can I Find This Order?** This order is located in electronic format on both the FAA's Intranet and Internet Web sites at the following links:

[https://employees.faa.gov/tools\\_resources/orders\\_notices](https://employees.faa.gov/tools_resources/orders_notices) and  
[http://www.faa.gov/regulations\\_policies/orders\\_notices/](http://www.faa.gov/regulations_policies/orders_notices/).

**4. What This Order Cancels.** Order EA3800.5 Post-1956 Military Service Credit Deposits, issued June 5, 1992, is canceled.

**5. 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 62<sup>nd</sup> birthday if he or she was eligible for Social Security at that time. P.L. 97-253 and P.L. 99-335 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.

**NOTE:** The passage of Public Law 103-353, the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), approved October 13, 1994, makes certain types of National Guard service creditable that had not previously been creditable. It alters the method for computing military service credit deposits in limited circumstances. Refer to OPM Benefits Administration Letter 03-105 <http://www.opm.gov/retire/pubs/bals/2003/03-105.pdf> on how this legislation affects CSRS and FERS employees.

## 6. Effect on Retirement Annuity.

a. **Employees first hired before October 1, 1982 who are vested under the Civil Service Retirement System (CSRS).** These employees have two options if eligible for Social Security at age 62:

1) Making the deposit in full for post-1956 military service prior to retirement, which guarantees that all active military service will always be fully creditable towards the CSRS annuity, or

2) Not making the deposit and receiving military service credit towards the CSRS annuity computation only until age 62. If eligible for Social Security 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 who are vested under the Civil Service Retirement System (CSRS).** These employees will receive credit for post-1956 military service at the time of retirement only if a deposit for the military service is paid in full.

c. **Employees first hired on or after January 1, 1984 who were automatically covered under the Federal Employees Retirement System (FERS).** These employees will receive credit for post-1956 military service at the time of retirement only if a deposit for the military service is paid in full.

**7. Determining Amount of Deposit and Interest Accrual Date.** The CSRS and FERS laws and regulations provide for 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). It is important to note that a deposit is not considered paid until it is credited upon receipt in the Payroll Operations Division.

a. The amount of deposit for employees first hired under CSRS before October 1, 1983, who are vested in CSRS, 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<sup>st</sup> IAD of the current year will not accrue interest for that year.

b. The amount of deposit for employees first hired under CSRS between October 1, 1983 and December 1, 1983, who are vested in CSRS, 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, who were automatically covered by FERS, will be 3 percent of military base pay received during the period of post-1956 military service, plus interest accrued after the two-year grace period as described in paragraph 7. 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.

d. The amount of deposit for employees who elected to transfer to FERS after June 30, 1987 is dependent upon whether the employee was vested in CSRS or CSRS Offset prior to transfer. Employees who have 5 years of creditable civilian service under CSRS and/or CSRS Offset are vested in CSRS. Military deposit rules in paragraph 7.a. or 7.b. apply. For CSRS Offset employees with less than 5 years of creditable civilian service at the time of transfer to FERS, rules in paragraph 7.c. apply.

**8. Military Retirees.** Employees in receipt of retired military pay have the option of either:

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

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

c. Exceptions. Military retired pay need not be waived and post-1956 military service credit will be allowed towards CSRS or FERS retirement annuity only if the post-1956 deposit is paid and the military retired pay was:

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

2) 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

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

**9. 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 Retirement and Insurance Form RI 20-97, "Estimated Earnings During Military Service" to the finance center of the appropriate branch of service. Click on this link to download the form: [http://www.opm.gov/forms/pdf\\_fill/RI20-97.pdf](http://www.opm.gov/forms/pdf_fill/RI20-97.pdf). 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 provided.

**10. Procedures.** Upon receipt of the completed estimated earnings statement from the finance office center, employees must complete Standard Form 2803, "Application to Make Deposit or Redeposit" for CSRS employees **OR** Standard Form 3108, "Application to Make Service Credit Payment" for FERS employees. Click on this link to download the CSRS form: [http://www.opm.gov/forms/pdf\\_fill/SF2803.pdf](http://www.opm.gov/forms/pdf_fill/SF2803.pdf) or this link to download the FERS form: [http://www.opm.gov/forms/pdf\\_fill/SF3108.pdf](http://www.opm.gov/forms/pdf_fill/SF3108.pdf). Submit the appropriate deposit form, the completed estimated earnings form and a copy of the DD 214 or equivalent to the Benefits Operation Center (BOC), AEA-16E. The BOC will compute the amount of deposit plus interest, if applicable, and send written notification concerning the total deposit due.

**11. Methods of Payment.** The BOC will prepare a notification letter which will contain the total post-1956 deposit due. The letter will provide 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.).

c. **Installment Payments.** Installment payments may be made to the Payroll Operations Division in increments of \$50.00 (i.e., \$50.00, \$100.00, \$150.00, etc.) by personal check or money order.

**12. 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.

**13. Refunds of Deposits for Military Service.** Military service deposits may be refunded in certain situations. A refund may only be processed by the U.S. Office of Personnel Management at the time of separation from civilian government service.

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.

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 14.

**14. 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 if reemployed 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 civilian service for which no retirement deductions were withheld from pay. Before deciding about making the post-1956 deposit, contact the Benefits Operations Center about how a recomputation of annuity will affect you.

**15. Information.** Any further questions should be directed to the Benefits Operation Center at (718) 553-4893.

**16. Distribution.** This order is distributed to all employees in the Eastern Region.



Carmine Gallo  
Regional Administrator