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2022 DoD VIRTUAL BENEFITS & WORK-LIFE SYMPOSIUM



Creditable Military Service

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Objectives

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

References



- **Title 5, United States Code (U.S.C.)**
Sections:
 - 8332 (c-g) (j)
 - 8339 (g)
 - 8411 (c & d)
 - 8422 (e)
 - 8456
- **Title 5, United States Code (U.S.C.) Section**
 - 8334(j)
- **BALs (03-105, 95-101, 95-202)**
- **TSP Bulletins (03-18, 02-07, 01-46)**

United States Armed Forces



Title 10 – Active Duty

Title 32 – National Guard

Creditable Military Service

Includes Honorable Active Duty service in the:

- Army, Navy, Air Force, Marine Corps, Coast Guard, Space Force, 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)



Service for which Employees are in Receipt of Military Retired Pay is NOT Creditable unless:

- Receiving combat incurred disability pay
- Receiving Reserve Retired Pay under Chapter 67 (Sections 12731-12739, Title 10)
- Service not used in computation of military retired pay
- Employee submits a waiver at the time of retirement

Retired Military Service

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

Important Notice



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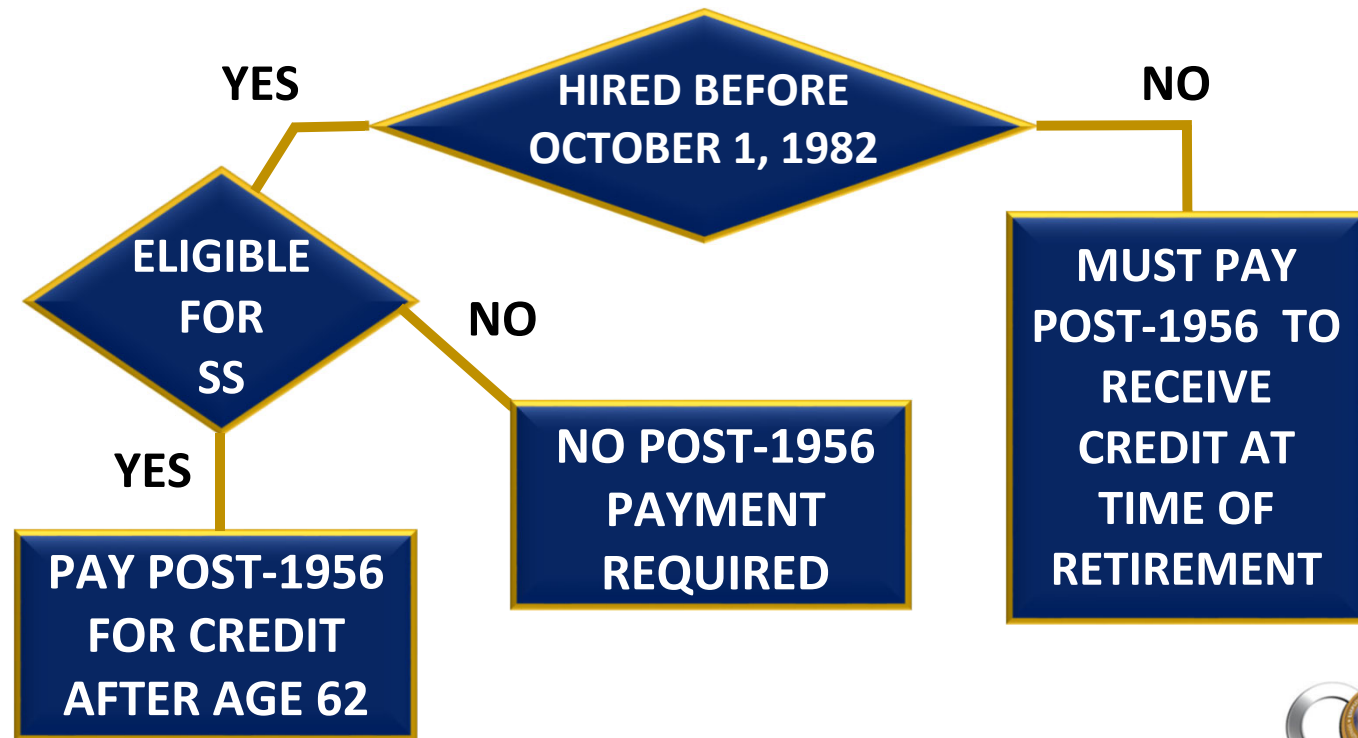
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Military Deposits

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



- **First hired under CSRS prior to 10-01-1982**
- **Eligible for Social Security at age 62**
- **Military Service Deposit (MSD) unpaid**
- **Results: annuity recomputed minus military service (occurs at age 62)**

CSRS – “Catch-62”



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Name: Frank Roberts

Retirement System: CSRS (25 years)

Military Service: U.S. Navy 3yrs 0mos 0days

High-3 Average Salary: \$30,000

Deposit amount: \$2,500

CSRS Military Service Example



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CSRS Military Service Example



Total Creditable Service:

25 Years (CSRS Service)
+ 3 Years (U.S. Navy Active Duty) (MSD Unpaid)
28 Years

**52% of \$30,000 (High 3) = \$15,600 per year or
\$1,300 per month**

**Frank's annuity will continue until age 62.
If Frank's military deposit is NOT paid, OPM will
re-compute his annuity subtracting the 3 years of his
military service**

CSRS Military Service Example Age 62



25 Years of Service =
46% of \$30,000 =
\$13,800 per year or \$1,150 per month

\$1,300 (at retirement)
- 1,150 (at age 62)
\$150 per month reduction (for life!)

\$150 x 12 = \$1,800 per year

FERS Post-56 Military Service Credit

Employee with
Military Service on or
after January 1, 1957

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



Name: Ava Moore

Retirement System: FERS (11 years)

Military Service: U.S. Army 4yrs 0mos 0days

High-3 Average Salary: \$30,000

Deposit Amount: \$3,000

FERS Military Service Example



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FERS Military Service Example



Total Creditable Service:

11 Years (FERS Service)
+ 4 Years (U.S. Army Active) (MSD Unpaid)
11 Years

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

Under FERS rules if Ava Moore's military service deposit is NOT paid she will only receive credit for her FERS civilian service

Employee Counseling

- Provide two calculations
- Review best options and deposit requirements



Military Service Deposit Process



- **Employee obtains record of military basic pay via completion and submission of the 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**
- **DoD Military Deposit Checklist recently introduced to workforce**



MILITARY DEPOSIT CHECKLIST

Instructions: The Military Deposit Checklist will be used as a supplemental document when completing the SF 2803A/SF 3108A Application to Pay Military Deposit. This document must be submitted with your Military Deposit Request. Applicant must use this checklist to ensure your application contains the following forms/actions prior to submitting to the Benefits/Human Resources Office:

Employee/Applicant Name: [] Date: []

Agency: []

Table with columns: Document, Action Status. Rows include RI 20-97, SF 2803/3108, and DD214 or Equivalent Document.

Table with columns: Type of Military Service, Period of Military Service, Dates of Military Leave Used, Dates of Annual Leave Used. Includes example row for IRR.

Note: Military Service must be under "Honorable" conditions.

To obtain a copy of your DD214 please visit http://www.archives.gov/veterans or complete the SF 180 and mail to the appropriate military archive center located on page 2 of form.

Employee will receive Estimated Earnings of Military Service to the address listed on RI 20-97 approximately 8 weeks after submission.

Employee/Applicant Signature [] Date []

MILITARY DEPOSIT CHECKLIST

Human Resources Instructions: Human Resources Representative will ensure application is accurate and complete. Ensure documents are certified and application with checklist are sent to DFAS.

Table with columns: Document/Action, Action Status. Rows include SF 2803/3108, DD214 or Equivalent, Estimated Earnings, Mil Deposit Estimate, and Forward.

* Note: Dates on DD214 or equivalent should match dates listed on Estimated Earnings

Important Factors to consider when calculating Military Deposit Estimate:

Creditable Military Service includes the following:

- Honorable Active Duty Military Service
Commissioned Officer of the National Oceanic and Atmospheric Administration (formerly Coast and Geodetic Survey and Environmental Sciences Services Administration)
Military Academy Service
Certain Military Reserve Service- Active Duty, full pay and allowances, Annual 15 day training camps, Reserve Officers: Training Corps (ROTC) active duty only

10/01/1982- Employees First Hired under CSRS before 10/01/1982 may receive credit for Post-56 military service for eligibility and computation without making a deposit
10/01/1982- Employees First Hired under CSRS on or after 10/01/1982 may receive credit eligibility for Post-56 military service without making a deposit
08/01/1990- Title 32 Service which interrupts a period of civilian service on or after 08/01/1990 is considered creditable military service regardless if appointed called to active duty by the President.
08/01/1990- Title 32 Service which interrupts a period of civilian service before 08/01/1990 receives credit for up to six months of LWOP in a calendar year.

HR Specialist Name []

Date []

RESET FORM

Military Deposit Checklist



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Military Service Deposit

- 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%

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

** Interest Rate Exception: 1999 & 2000*

- **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



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Interest Accrual on Military Service Deposits



Employee: John Luke

Active Duty: (08/17/2009 - 08/17/2012)

Returns to Duty (covered position): 08/19/2012

IAD: 08/19/2015

- ✓ **Employee's IAD is established as 08/19/2015 because it is 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**



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Creditable Military Service Exercise



Questions & Survey

