



Quick Reference

Military Service Credit for Retirement Purposes

This Quick Reference applies to you if you meet all of the following conditions:

- You previously performed, or are currently performing, active duty military service, and
- You are currently covered by the Civil Service Retirement System (CSRS), CSRS Offset, or the Federal Employees Retirement System (FERS)

Qualifying Military Service

For the purposes of credit under CSRS, CSRS Offset, or FERS, military service must be honorable, active duty service in the Armed Forces of the United States. This means service in the:

- Army
- Navy
- Air Force
- Marine Corps
- Coast Guard
- Military service academies
- Regular Corps or Reserve Corps of the Public Health Service (if performed after June 30, 1960)
- Commissioned Corps of the National Oceanic and Atmospheric Administration (if performed after June 30, 1961)

As a general rule, service with the National Guard does not qualify for credit under CSRS, CSRS Offset, or FERS unless it was in the service of the United States rather than the States. However, full-time National Guard duty *does* qualify for credit if it:

- interrupted your civilian service that is creditable under CSRS, CSRS Offset, or FERS, and
- is followed by re-employment (on or after August 1, 1990) under the provisions of chapter 43 of Title 38, United States Code (USC).

Conditions for Credit

You can get credit for honorable, active duty military service if:

- It was performed *before* the date you separate from the employment that makes you eligible for a retirement benefit under CSRS, CSRS Offset, or FERS.
- It is *not* included in the computation of your *military retired pay* or *military retainer pay*. (In certain circumstances, you may still be able to get credit under CSRS, CSRS Offset, or FERS — see **Effect of Military Retired or Retainer Pay** below).
- You have paid all the *deposits* required to obtain credit for active duty military service performed after December 31, 1956. (See **Deposit Requirements to Obtain Credit** below).
- It is *not* included in the computation of benefits you earned under another Federal retirement system. If it is, you must waive all benefits under that system and make all required deposits or redeposits to the Civil Service Retirement and Disability Fund. (Contact the Administrative Office's (AO's) Retirement Services Branch , at (202) 502-3110, for further information).

Effect of Military Retired or Retainer Pay

As a general rule, you cannot get credit for active duty military service under CSRS, CSRS Offset, or FERS if the service has already been used to compute your military retired or retainer pay. However, you *can* receive credit for the same period(s) of active duty military service for *both* your military and Federal civilian retirement benefits *if* your military retired or retainer pay was awarded:

- because of a service-connected disability incurred in combat with an enemy of the United States,
- because of a service-connected disability caused by an instrumentality of war, and incurred in the line of duty during a period of war, or
- under the reserve retirement provisions in Chapter 1223 of Title 10, USC.

Waiver of Military Retired or Retainer Pay

If your military retired or retainer pay was *not* awarded under one of the above conditions, you can still get credit for your active duty military service under CSRS, CSRS Offset, or FERS by waiving your military retired or retainer pay specifically for that purpose. You do *not* have to take the actions necessary to waive your military retired or retainer pay until shortly before you retire from your civilian position, but the waiver must be in effect *before the starting date* of your CSRS, CSRS Offset, or FERS retirement benefit. We suggest that, if you need to waive this pay, you begin the waiver process about *90 days* before you expect to retire from your Judiciary position. For further assistance, please contact the AO's Retirement Services Branch at (202) 502-3110.

NOTE: If you are receiving military retired or retainer pay, you can receive credit for *leave accrual purposes* for periods of military service during a war, or in a campaign or expedition for which a campaign badge has been authorized. However, such service is *not* creditable for retirement purposes. You must still waive your military retired or retainer pay to receive credit for *retirement* purposes, unless it was awarded under one of the conditions listed above.

If you are not sure whether you will waive your military retired or retainer pay to get credit in your retirement benefit, you can still pay any required military deposits while you're a federal civilian employee. The earlier you pay the deposits, the less interest you will be charged. If, after making the deposits, you later decide *not* to waive your military retired or retainer pay, the U.S. Office of Personnel Management (OPM) will refund your paid deposit when you retire.

Military Service Not Used in the Computation of Military Retired or Retainer Pay

The above rules apply *only* when your active duty military service was used in computing your military retired or retainer pay. If you have active duty military service that was *not* used in computing those benefits, the service can be credited for retirement purposes. Examples of such service would be:

- Enlisted service as a cadet or midshipman, if you retired as an officer.
- Active duty in excess of 30 years.

Deposit Requirements to Obtain Credit

Under the laws governing the CSRS, CSRS Offset, and FERS, service may be creditable to establish "title" to a retirement benefit, to compute the amount of the retirement benefit, or for both of these purposes. "Title" to a retirement benefit means the service is credited toward the number of years of service you need to be eligible to retire. For example, if you can retire at age 55 with 30 years of service, a period of service credited for "title" is credited toward the 30 years needed to be eligible to retire. The amount you will receive as a retirement benefit is based on years and months of your service that is creditable for computation purposes. When the service is creditable for computation, the amount you will receive as a retirement benefit is increased.

- ***For Military Service Performed Before January 1, 1957***

At the time you retire under CSRS, CSRS Offset, or FERS, you will automatically receive credit (for both title and computation purposes) for all your qualifying military service performed before January 1, 1957. You do *not* need to take any action to receive this credit.

- ***For Military Service Performed After December 31, 1956***

As a general rule, you must *pay a deposit* to get credit under CSRS, CSRS Offset, or FERS for military service performed after December 31, 1956. The rules concerning the deposits depend upon your retirement plan.

CSRS and CSRS Offset Military Deposits

This military deposit information applies to you if your retirement coverage is under CSRS or CSRS Offset. It also applies if you transferred to FERS and your military service will be part of a CSRS component to your FERS benefit. This would occur if you had at least five years of creditable federal civilian service that was covered by CSRS, but not by CSRS Offset, on the date you transferred to FERS.

1. If you were first hired in a CSRS-covered position *on or after* October 1, 1982, you *must* make a deposit to receive credit for your qualifying military service that occurred after December 31, 1956, for any purpose (including both “title” to a retirement annuity and computation of that annuity).
2. If you were first hired in a CSRS-covered position *before* October 1, 1982, you *automatically* receive credit (without making a deposit) for your qualifying military service that occurred after December 31, 1956, for “title” to a retirement annuity. However, you may still need to make a deposit to get credit for that military service in the computation of the annuity if:
 - (a) You do not make a deposit, and you are younger than age 62 when you retire, you will automatically receive credit for the post-1956 military service when your annuity is computed. However, if you are eligible for Social Security benefits at age 62 (regardless of whether you have actually applied for them), you will *lose* credit for the post-1956 military service at that time. Your CSRS benefit would be recalculated at that time to eliminate credit for that service, reducing your annuity accordingly.
 - (b) If you retire at age 62 or older and you’re entitled to Social Security benefits, you will receive *no* credit for your post-1956 military service when your annuity is computed, unless you pay the deposit.

- (c) If you pay the military service deposit before you separate from your civilian position, you receive full, permanent credit for your post-1956 military service when your annuity is computed, and you will continue to receive this credit even if you qualify for Social Security benefits.

FERS Military Deposits

This military deposit information applies if you are covered by FERS *and*:

- you do not have a CSRS component in your FERS retirement benefit, or
- if you have a CSRS component, but your military service is not included in that component.

Under FERS rules, you must pay the deposit for your military service to receive credit for that service, both for “title” to a retirement benefit and in the computation of that benefit.

Calculating Your Basic Military Deposit

A CSRS or CSRS Offset military deposit is generally *7 percent* of the basic pay you received during your active duty service, plus applicable interest. A FERS military deposit is generally *3 percent* of that basic pay, plus applicable interest. “Basic” military pay does *not* include allowances, flight pay, combat pay, etc. Military deposit percentages of basic pay are slightly higher for military service performed in the years *1999* and *2000*, because there was a temporary increase in retirement deductions for those years.

If your military service interrupted federal civilian employment that was covered by CSRS, CSRS Offset, or FERS, and if you were re-employed on or after August 1, 1990, under the provisions of Chapter 43 of Title 38, USC, your military deposit will be the *lesser* of:

- the required percentage (7 or 3 percent) of your military basic pay, or
- the retirement deductions that would have been withheld from your civilian pay if you had remained in that position during your period of military service.

Interest Accrual Date (IAD)

The IAD is the date each year when interest is charged to your military deposit account. Once the IAD for your period of military service is established (based on your date of employment in a position covered by CSRS, CSRS Offset, or FERS), it *does not change*. This is true even if you have one or more breaks in your civilian service before you complete your military deposit.

Retirement law provides a 2-year interest-free grace period for military deposits. After the 2-year period, interest begins to accrue and is posted to your unpaid balance at the beginning of the third year (which becomes your IAD). Each year thereafter (until the deposit is fully paid), interest is compounded annually on the unpaid amount. Since the first interest charge won’t appear on your balance until the

end of the third year (due to the 2-year grace period and the 1 additional year in which interest would accrue before being posted on your IAD), you actually have a 3-year period to complete the deposit without paying any interest charge!

IAD for Military Deposits

For CSRS: The CSRS law provides a 2-year interest-free grace period on deposits. After the 2-year period, interest is accrued and compounded annually. For military deposits that remain unpaid, interest will compound on the established IAD. The very first possible IAD is October 1, 1986.

Here's how your IAD will be established in a CSRS or CSRS Offset covered position:

1. If you were first employed before October 1, 1983, interest began to accrue as of *October 1, 1985*. The interest is first posted on the unpaid military deposit on *October 1, 1986*.
2. If you were first employed *before* October 1, 1983, but you separated from employment before October 1, 1982, interest began to accrue *2 years from the date you were re-employed* in a position covered by CSRS, CSRS Offset, or FERS. The first date the interest would be posted is 3 years from the date you were re-employed.
3. If you were first employed on or after October 1, 1983, interest began to accrue *2 years from the date you were employed in that position*. The first IAD is *1 year later* — the third anniversary of the date you were first employed.
4. If you performed military service *after* October 1, 1983, and *after* the date you were first employed, interest for *that* period of military service began to accrue *2 years from the date you returned* to a CSRS or CSRS Offset covered position. The first date the interest would be posted is 3 years from the date you returned.

For FERS: The FERS law also provides a 2-year interest free grace period on military deposits. After the 2-year period, interest is assessed and compounded annually on the balance due in the deposit account as of the day before the employee's IAD. The very first possible IAD is January 1, 1990.

Here's how your IAD will be established in a FERS-covered position:

1. If you were first employed *before* January 1, 1987, interest began to accrue *January 1, 1989*. The first date the interest would be posted on your unpaid deposit amount is *January 1, 1990*.

2. If you were first employed *on or after* January 1, 1987, interest began to accrue *2 years from the date you were first employed* subject to FERS. The first date the interest is posted would be 3 years from the date you were employed under FERS.
3. If you performed military service *after* January 1, 1987, and *after* the date you were first employed, interest began to accrue *2 years from the date you returned* to a FERS covered position. The first date the interest is posted would be 3 years from the date you returned.
4. If you elected to *transfer* to FERS coverage, and you do *not* have a CSRS component, interest began to accrue *2 years from the date you transferred* to FERS coverage.

Amount of Interest

Interest on your unpaid military deposit accrues at a variable interest rate, determined annually by the Department of the Treasury.

Paying Your Deposit

You must pay a military deposit directly to your employing office *before* you retire. You may pay the deposit in one of these ways:

- In full, by personal check or money order
- In installments of at least \$25, by personal check or money order
- In installments of at least \$25, by payroll deduction

The Quick Reference Guide, [*Military Deposits for Retirement Purposes*](#), available on the J-Net, provides complete information for employees interested in making a military service credit deposit.