

DID YOU KNOW

Beginning January 1, 1957, military service became subject to the Social Security tax. As a result, this service is used to determine entitlement for an individual Social Security benefit. In general, military service performed before January 1, 1957 must be credited in the computation of a civil service retirement or survivor annuity. The Social Security Administration (SSA) cannot use pre-1957 military service to compute benefits if a civil service retirement or survivor benefit is based on such service. An individual has no choice as to which benefit computation includes the pre-1957 military service (there is an exception for survivor annuitants).

For the **Civil Service Retirement System (CSRS)** purposes, crediting of post 1956 military service depends on the following:

- Generally, if you were first employed in a position covered by CSRS before October 1, 1982, you may receive credit for your post 1956 military service if you retire from civilian service prior to age 62. However, if you do not make a military service deposit prior to separation from Federal employment, the military service will be eliminated from the computation of your CSRS annuity when you reach age 62, ***IF*** you are entitled to Social Security benefits.

- Generally, if you were first employed in a position covered by CSRS on or after October 1, 1982, you will not receive credit for post 1956 military service for any retirement purposes ***UNLESS*** you make a military service deposit prior to separation from Federal employment.

The amount of the deposit is a sum equal to 7% (special category employees may pay a higher amount) of the military basic pay earned during the period of military service, plus interest.

For the **Federal Employees Retirement System (FERS)** purposes, crediting of post 1956 military service depends on the following:

- Generally, if you were automatically covered under the Federal Employees Retirement System on January 1, 1987 or at any time thereafter, you must make the military service deposit prior to separation from Federal employment to receive credit for any retirement purposes. Military service is credited under FERS rules if it was performed after you became covered by FERS or you had less than 5 years of civilian service (other than CSRS Interim or Offset service) upon becoming covered by FERS.

The amount of the deposit is a sum equal to 3% (special category employees may pay a higher amount) of the military basic pay earned during the period of military service, plus interest.

If you receive military retired or retainer pay, you will not receive credit for any military service unless certain conditions are met or apply.

There are some good reasons to consider making a deposit. Making a deposit for post 1956 military service allows you to receive permanent credit for military service under your Federal civilian retirement system, and the military service remains creditable for Social Security purposes. Making a deposit early helps to avoid the accrual of additional interest. The rate of interest charged on post 1956 deposit changes annually. This interest accrues and compounds annually on your Interest Accrual Date (IAD). Your first IAD is the date 1-year after the date the interest-free grace periods ends.

You are given the option to make the deposit in one lump sum or through payroll deduction. All post 56 military service deposits must be made to the Defense Finance and Accounting Service (DFAS) before separation from Federal employment. Even if you don't plan to retire or leave Federal service soon, it is a very good idea to at least obtain the amount of your military earnings so that the deposit can be computed more easily. To process the deposit, we can use your actual military pay vouchers for complete periods of military service in computing the military deposit or we can obtain a certified estimate of your military earnings from the DFAS.

Once you do complete the deposit in a lump sum payment, the DFAS payroll office will send you a receipt that indicates that your deposit was paid in full, the amount paid and the period of service the deposit covers. You will need to forward a copy of the paid-in-full receipt to the EMCBC for inclusion in your Official Personnel Folder as a permanent record.

Please note that this is a brief summary of the provisions for making deposits to receive credit for post 1956 military service in a retirement benefit. Under some circumstances, particularly active military service performed after August 1, 1990 that interrupts creditable civilian service (e.g., mobilizations for Desert Storm/Desert Shield, etc.) special deposit provisions may apply due to the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) law.

For more specific information pertaining to your individual service, or to obtain the necessary forms for making a deposit, you may contact Robin Campbell at robin.campbell@emcbc.doe.gov or (513) 246-0515.