



HAWAII NATIONAL GUARD
HUMAN RESOURCES OFFICE

BULLETIN



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MILITARY SERVICE DEPOSITS

A military service deposit is a payment made to the civilian retirement fund to allow creditable military service to be used toward retirement eligibility and in annuity computations.

- All active duty military service is potentially creditable for retirement purposes.
- You may need to pay a deposit in order to receive retirement credit for it.
- There is a 2-year grace period from the date of your first retirement coverage to pay a military deposit in full and not be charged any interest. On the 3rd year anniversary of retirement coverage, interest will accrue annually until the deposit is paid.

If you have any question about whether your particular military service is creditable, check with the HRO Benefits Section early in your career to find out. For example, creditable service can include active duty for training "summer camps" in the Reserves, Military Academy service, and retired military and National Guard service under certain circumstances.

If you decide to pay the military deposit, it **must be paid in full before you retire**. Service periods **that have a break of at least one day can be paid separately**. The process to pay the deposit can take time so don't wait until right before retirement to begin! Process could take from 4 to 6 months to complete.

How is Military Service Credited?

1. Military service before January 1, 1957, is creditable without payment of a deposit.
2. Hired under **CSRS** before October 1, 1982

Deposit paid. Your military service will be credited for retirement eligibility and computation of annuity.

Deposit not paid. Your military service will be credited for eligibility and computation of annuity if you are not yet age 62 at retirement. If at age 62 (or at retirement if already 62) you are eligible for a Social Security benefit and the deposit has not been paid prior to retirement, your retirement annuity will be recomputed by subtracting the military service time from your total service. This typically reduces the CSRS annuity by 2% for each year

of service.

However, if you will not be eligible for Social Security at age 62 (or at retirement if already 62), no deposit is required and you will receive full credit for your military service with no future reduction.

3. Hired under CSRS on or after October 1, 1982

A military service deposit **must be paid** to receive credit for retirement eligibility and annuity computation purposes.

4. Hired under **FERS**

FERS covered employees **must pay** a military service deposit to receive credit for civilian retirement eligibility and annuity computation.

FERS employees with a CSRS component (5 years of creditable civilian CSRS service prior to FERS) are subject to CSRS military deposit rules.

5. Uniformed Services Employment and Reemployment Rights Act (USERRA)

The deposit rules also apply to active military service that **interrupts** a period of Federal civilian service and you are restored or reemployed on or after August 1, 1990 under the provisions of USERRA. Service under Absent-US is creditable if a deposit is paid. The deposit amount would be the lesser of the earnings based on civilian salary or military salary.

How Much is the Deposit?

CSRS - The amount of deposit is equal to 7% of military base pay earned, plus accrued interest.

FERS - The amount of the deposit is equal to 3% of the military base pay earned, plus accrued interest.

The rate increases for military service performed in 1999 to 3.25% and for 2000 to 3.4% of the base pay.

Interest is charged at the variable rate established annually by the US Treasury if it is not paid in full within the 3-year period from retirement coverage.

What are the Steps for Paying the Deposit?

Please note the following:

* Military Service Deposits must be paid in full prior to the date of separation or retirement. Because processing time requires approximately 120 days, employees who are anticipating retirement should plan accordingly.

* The Office of Personnel Management will not accept the Chronological Statement of Retirement Points, ARPC Form 249-E, or any other equivalent points forms from other military branches, as proof of active duty military service. The ARPC Form 249-E, or any

other equivalent points forms, does not provide the actual to and from active duty dates, condition of service (honorable, other than honorable, etc.), lost time or type of active duty service completed. In order for OPM to grant active duty military service credit under the CSRS or FERS retirement systems, the employee must provide proof of honorable service, type of active duty service and the actual to and from active duty dates. Please feel free to contact the ABC-C by calling DSN: 520-2222, commercial: (785) 240-ABCC (2222), or toll free: (877) 276-9287 for additional guidance

STEP 1. Request Military Earnings

a. You must complete the RI 20-97, Estimated Earnings During Military Service, and mail it to the appropriate military finance center with a copy of all DD Forms 214. If you already have your estimated earnings, go to Step 2.

b. When completing the RI 20-97, you should verify that you have the appropriate dates for your military service. For periods of military service that are NOT under USERRA rules, you should use the dates from your DD Form 214. For periods of military service that ARE under USERRA rules, you should base your dates off the following:

- * If you go on Absent - Uniformed Services (Absent-US) BEFORE your military service begins, then use the date you started on Military Service (date entered on active duty)

- * If you go on Absent-US AFTER your military service started, then use the date you went on Absent-US

- * If you Return to Duty (RTD) BEFORE your military service ended, use the date of the day before your RTD

- * If you RTD after your military service ended use the end date on your DD Form 214

c. If your military service is USERRA, you will need to specify periods of military service when you were on paid leave from your civilian position (military leave, annual leave, credit hour or compensatory time).

d. If you have service with more than one branch of the military, you will need to complete a separate RI 20-97 for each and mail to the appropriate military finance office.

Air Force

DFAS-Indianapolis Center

Attn.: Verifications Section (Estimated Earnings)

8899 East 56th Street

Indianapolis, IN 46249-0875

Phone: 1-888-332-7411 (Select option #4)

Fax Coversheet: <https://corpweb1.dfas.mil/civpaywf/coversheet>

Title: ESTIMATED EARNINGS - Air Force

Fax: 866-401-5849

Utilizing coversheet expedites processing time

Army
DFAS-Indianapolis Center
Attn.: Verifications Section (Estimated Earnings)
8899 East 56th Street
Indianapolis, IN 46249-0865
Phone: 1-888-332-7411 (Select option #4)
Fax Coversheet: <https://corpweb1.dfas.mil/civpaywf/coversheet>
Title: ESTIMATED EARNINGS - Army
Fax: 866-401-5849

Utilizing coversheet expedites processing time

STEP 2:

Upon receipt of the estimated military earnings, forward a copy to HRO for further processing along with the copy packet that you had submitted to DFAS to receive your estimate earnings.

STEP 3:

HRO Employee Benefits will initiate the SF 3108, and SF 3108A, Application to Make Service Credit Payment (FERS); SF 2803 for CSRS, review for accuracy, calculate an estimate of the amount of the military deposit and inform you of estimated amount due prior to further processing.

National Guard: National Guard employees will receive notification with the copy of the calculation from HRO. HRO will scan a copy into your eOPF. Once it is scanned into your eOPF, you will receive a notice from eOPF that your military deposit estimate has been uploaded into your personnel file.

STEP 4:

When you receive the response from the DFAS office, you must make arrangements with DFAS to pay the deposit. If the letter is not received from DFAS, you may still begin paying the deposit when the amount of the military deposit shows in Block 20 of your Leave and Earnings Statement (LES).

Payment Options

Lump Sum Payment

Make your check payable to DFAS-CL-DSSN 8522. The check must have "Catch-62 Military Deposit" and your Social Security Number written on it. Mail to:

DFAS Cleveland
ATTN: J3DCBB/559
1240 E. 9th Street
Cleveland, OH 44199

Partial Payments

This is any amount you choose but must be a minimum of \$25.00 per pay period. Follow the instructions in the paragraph above (Lump Sum Payment). Partial payments can be made along with payroll deductions.

Payroll Deductions

This is any amount you choose but must be a minimum of \$25.00 per pay period. There must be a request in writing (no particular form) submitted to your payroll office which includes the following: (1) Social Security Number; (2) name; (3) amount of deduction per pay period; (4) date to start the deduction; (5) signature. Fax the request to 1-866-401-5849.

Online Payment

Go online to <https://www.pay.gov>. In the search engine, type in MSD8522 and click on search. On the next page, click on the red 'Continue to the Form' button. Follow the instructions to complete the form and make your online payment for your military deposit. Under the Database dropdown, if you are Army or Army National Guard, choose OMA; if you are Air National Guard, choose CP1; and if you are DCMA, choose ZKA.

STEP 5:

Once your military deposit has been paid in full, you will need to request proof of payment. Contact your HRO Employee Benefits and have a Remedy sent to DFAS requesting the proof of payment. When the proof of payment is received, provide a copy to your HRO representative, to be uploaded in your Electronic Official Personnel Folder (eOPF).