

## For CSRS Employees First Hired After 9/30/82 with Military Service After 12/31/56

**To receive credit for military service for CSRS retirement, you must make a deposit to the retirement system!**

A major impact on your retirement eligibility and annuity...

Although you have an option to not pay the military service deposit, it is extremely important that you understand that if you are an employee covered under the Civil Service Retirement System (CSRS) and you were first hired after 9/30/82 and your military service occurred after 12/31/56 -- if you do not pay a deposit- you will not receive credit for your active military service time for either:

- retirement eligibility or
- retirement annuity computation purposes.

An illustration of the major impact of not making a deposit: if you were age 55, had 5 years of military service, and have 25 years of civil service under CSRS (for a total of 30 years federal service):

- With a military deposit - you could retire immediately
- Without a military deposit,
  1. you could not retire for another 5 years (age 60);
  2. your annuity would be less than it could be; and
  3. your post-retirement tax deductions on your annuity would be less.

### How much is your military deposit?

As a CSRS employee, you owe a deposit equivalent to 7% of your total basic pay earned while on active military duty plus accrued interest ranging from 3 to 13% (**visit this link for the table**) for each year of your civil service in which you have an unpaid deposit due after your initial 2 years of civil service. (Note: Your first two years are interest-free.) A \$3,000 deposit that you owed in 1987 could become \$6,952 15 years from now.

### How do you make a military deposit?

The first step is to contact your benefits counselor. Your benefits counselor will assist you in requesting a statement of your earnings from the Defense Finance and Accounting Service. Upon receipt, this statement will be posted in your official personnel folder. If you wish to make a deposit, your payroll office will then compute your total deposit. You may choose to pay this amount in a lump sum or through biweekly deductions from your pay.

### If you plan to delay making a deposit...

Although you may make a deposit up until the day you retire, the longer you delay in making a deposit, the more your deposit will be...perhaps thousands of dollars more. If you wait until just before you intend to retire to make a deposit, you may not be able to afford to make the deposit and you may be unable to retire as planned.

Please contact your benefits counselor if you have any questions or need assistance.