

Obtaining retirement credit for non-career federal service



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Most letter carriers who are veterans of military service can make deposit for their time in the military, and thus increase their CSRS or FERS annuity. That benefit is widely known. It is commonly called “buying back” military time. A similar benefit that is less well known sometimes allows any letter carrier (veteran or not) to make deposit for non-career federal service, and thus increase their CSRS or FERS annuity. The procedures and rules for making deposit for non-career federal service are very different than those for making deposit for military service.

This column focuses on making deposit for non-career federal service.

The rules differ depending on which retirement coverage you have (CSRS or FERS), and when the non-career service was performed. The rules for CSRS-covered employees are much more liberal than those for FERS-covered employees.

CSRS non-deduction service

If you are covered by CSRS, practically any previous employment you’ve had with the federal government that was not covered under CSRS, including employment that was covered by Social Security withholdings, may be creditable for retirement purposes. To avoid a reduction in the amount of your annuity or, depending on the dates of the service, to receive credit for the service at all, you must make a deposit. Under CSRS, the significant date is Oct. 1, 1982.

If you had non-career federal service prior to Oct. 1, 1982, for which retirement contributions were not made, that prior service is creditable for retirement *eligibility* and *computation* of your annuity benefit, whether or not you pay a deposit. However, if you do not pay the deposit in full, the annuity benefit (and any survivor benefit) will be reduced by 10 percent of the deposit amount due at retirement.

If you had non-career service on or after Oct. 1, 1982, that prior service is creditable for retirement *eligibility*, whether or not you pay a deposit. However, if you do not pay the deposit in full, this period of service will not be used in the *computation* of your annuity benefit.

The amount of the deposit payment is the sum of the retirement deductions that would have been withheld from your pay if you had been covered by CSRS, plus interest. The interest rate for deposit for service on or after Oct. 1, 1982 varies depending on the year, but generally runs about 7 percent annually. No interest is charged for a year

when payment in full is received by Dec. 31 of that year.

Use Standard Form 2803 to apply to make deposit for non-career service by employees covered under CSRS. It can be obtained from the Postal Service Shared Services. It can also be obtained online at opm.gov/forms/pdf_fill/sf-2803.pdf.

Part A of SF 2803 is completed by the applicant. Current employees submit the application to the Postal Service for completion of Part B. Separated employees send the application directly to OPM at Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045.

OPM offers the following guidance:

Deposits...can be made by employees now serving under the CSRS, by separated employees who are entitled (or would be entitled after paying for service) to an annuity, or by eligible widows, widowers, or former spouses of deceased employees.... An employee should not file an application to make deposit...if he or she contemplates retirement within six months.

Additional OPM guidance is available online at opm.gov/retirement-services/publications-forms/pamphlets/r183-3.pdf.

FERS non-deduction service

If you are covered by FERS, federal service prior to 1989 that was not covered under FERS may be creditable for retirement purposes, but only if you pay the amount of deposit plus accrued interest to the Office of Personnel Management (OPM). Under FERS, the significant date is Jan. 1, 1989.

With certain minor exceptions, a FERS employee cannot make a deposit for service performed after Jan. 1, 1989. Since the transitional employee (TE) category was first created by arbitral award in 1992, it is not possible to make FERS deposit for prior TE service.

The amount of the deposit payment for most employees is 1.3 percent of the basic pay for the service, plus interest. Generally, the interest rate is 3 percent annually for years prior to 1985, and thereafter a variable rate determined by the Department of Treasury.

Use Standard Form 3108 to apply to make deposit for non-career service by employees covered under FERS. It can be obtained from the Postal Service Shared Services. It can also be obtained online at: opm.gov/forms/pdf_fill/SF3108.pdf.

Part A of SF 3108 is completed by the applicant. Current employees submit the application to the Postal Service for completion of Part B. Separated employees send the application directly to OPM at Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Boyers, PA 16017-0045.

Additional OPM guidance is available online at opm.gov/retirement-services/fers-information/creditable-service.