



Making deposits for military service

As planning for retirement is on the minds of many of our members, we're reprinting this article, last published in October 2020, about how to make deposits toward retirement for time spent in military service.

The law that permits certain veterans to make deposits for prior military service for time to count toward Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS) retirement (eligibility and amount of annuity) requires the employee to completely pay the full amount of the deposit prior to separation for retirement. However, the law provides an exception: If a veteran did not make deposit prior to separation due to administrative error by the employing agency, the former employee may have the opportunity to make or complete a military deposit after separation.

This column begins with a general introduction to making a deposit for military service, follows with discussion of the Postal Service's obligation to provide accurate and complete counseling regarding deposits for military service, and ends with a review of the exception to the general rule that military deposits must be completed prior to separation.

Under CSRS and FERS, an individual's "years of service" is a determining factor to establish eligibility to retire and to calculate the amount of the retirement pension. Generally, years of service is computed for a retiring employee by measuring the elapsed time between the start date of career service and the date of separation for retirement.

Military veterans can, in most cases, increase their years of service by making a deposit for their time in the military. Many veterans will find this advantageous because doing so may enable them to retire earlier and receive a higher pension. The amount of the deposit depends on which retirement system a veteran is in, how much they earned in the military and when the deposit is made.

The Office of Personnel Management (OPM) is the federal agency that has authority over CSRS and FERS retirement matters. OPM regulations require that deposits for military service be paid in full prior to the date of retirement. The deposit must be made to the employing agency (in our case, the Postal Service). The amount of the deposit is 7 percent of basic military pay under CSRS, or 3 percent of basic military pay under FERS. If deposit is made more than two or three years after beginning career employment at the Postal Service, interest is charged.

OPM regulates federal employers, including the Postal Service, when it comes to retirement matters. OPM provides the following guidance in a Benefits Administration Letter dated Jan. 27, 2017:

- *Each federal employing agency... must have the capacity to counsel, calculate, collect and to post all payments related to employees' deposits for military service...*
- *Agencies are required to provide accurate and complete counseling to all employees who seek to make post-1956 military deposit; this includes counseling as to the effect of paying or not paying the deposit(s) as well as the proper calculation of the deposit(s).*
- *Agencies are responsible for including accurate information about the accrual of interest on military deposits and to accurately determine and apply the Interest Accrual Date in any given request to make deposit for a period of military service.*
- *In general, an (agency) administrative error occurs when in response to an employee's inquiry, the employing agency provides material misinformation concerning the deposit and the consequences of not making the deposit prior to separation... In addition, if an employee, at the time of election, affirmatively asks for information regarding the amount of the military deposit or the consequences of failing to make a deposit, the gov-*

ernment commits administrative error if its response either misrepresents the dollar amounts in question, or is so indirect, inaccurate, or incomplete as to confuse the employee as to the amount of the deposit or the effect of any failure to make the deposit on the annuity recalculation.

It is clear from the above that the Postal Service is required to provide accurate and complete counseling regarding making deposit for military service to any employee requesting such counseling. There have, however, been instances where the Postal Service provided inaccurate and incomplete advice about making deposit for military time.

If a veteran does not make deposit for military service prior to retirement because of a Postal Service administrative error or incorrect advice, he or she can write to OPM and request belated deposit. OPM will investigate and make a decision allowing or disallowing the request. Adverse decisions by OPM on such a request can be appealed to the Merit Systems Protection Board.

Veterans can access the above-quoted OPM Benefits Administration Letter at opm.gov/retirement-services/publications-forms/benefits-administration-letters/2017/17-101.pdf.

Alternatively, you may contact the NALC Retirement Department at 202-393-4695 or 800-424-4695 (Monday, Wednesday or Thursday) to request a mailed copy.

To begin the military deposit process, contact the Human Resources Shared Services Center (HRSSC) at 877-477-3273, Option 5, or TTD/TTY at 866-260-7507.

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If you are interested in joining the group, complete the sign-up card at nalc.org/veterans.