



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 November, about how to make deposits toward retirement for time spent in military service.

The law that permits certain veterans to make deposit for their time in the military 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.

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 the CSRS and the 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 are 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. Interest will begin to accrue two years after beginning career employment at the Postal Service, and is compounded annually. However, if the deposit is completed prior to the third year, there is no interest charged.

The Uniformed Services Employment and Reemployment Rights Act (USERRA) provides an alternative method to calculate the deposit under certain conditions. Where military service interrupts creditable civilian service and reemployment, the deposit payable may not exceed the amount that would have been deducted and withheld from basic pay during civilian service if the employee had not performed the period of military service. The Postal Service, when applicable, should calculate the deposit under the normal method and the alternate method under USERRA. The deposit will be the lesser of the two.

OPM regulates federal employers, including the Postal Service, when it comes to retirement matters. OPM provides the following guidance in a Benefits Administration Letter (BAL 17-101) 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 government 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. Fortunately, there is an exception to completing the full deposit prior to separation: 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.

If a veteran does not make deposit for military service prior to retirement because of a Postal Service administrative error or incorrect advice, they 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.

Alternatively, you may contact the NALC Retirement Department at 202-393-4695 or 800-424-5186 (Monday, Wednesday or Thursday) to request a mailed copy.

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

Veteran profile: Eddie Murphy

Eddie Murphy of Greater East Bay, CA Branch 1111 joined the Army at 17 years of age and served for four years.

"I joined the military in 1988 not thinking there was going to be a war, but war broke out," he said.

Murphy said that he joined up because things weren't going well at home and he "needed some structure." He did basic training at Fort Bliss, TX, then went on to Bitburg, West Germany, where he was stationed for three years.

"From there, I was emergency deployed to Saudi Arabia for Desert Storm," he said. During Operation Desert Storm, he served as a Patriot missile crewmember or 16 Tango, aiding the Air Force in sending up missiles from the ground to defend U.S. military bases. After six months in Saudi Arabia, he went back to Germany and finished out his service there.

Despite the seriousness of his military duties, Murphy was still able to have fun at times. While in Germany he made it onto the Air Force softball team. He traveled through Europe playing other military teams as well as civilian teams. Because he was representing the United States, it was considered part of his job, so his duties

were cut during practices and tournaments.

He appreciated being able to meet people from all over the United States and abroad, as well as learning about their culture.

"You meet people from all walks of life, and they are just like me," he said. "I'm just like them and you have this bond."

Once his four years were up, Murphy decided to leave the military and return to California. He planned to go to college, but the economy wasn't doing well at the time. He heard that he could test into the Postal Service, so Murphy took the exam and was hired by the Postal Service in 1994.

His postal career has now spanned more than three decades, and Murphy served one route for 27 years.

In 2018, a shop steward at his branch was removed, so Murphy's branch president appointed him to the position.

"They appointed me because they knew I was a fighter," he said. "I always called up to the branch complaining about things not being done by the local shop steward and how my rights were being violated. I accepted the position."

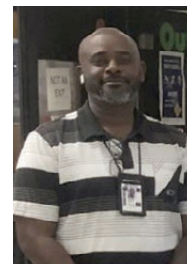
He became a full-time union officer in

2023 and has been doing that since.

He compared his military service and postal career, saying, "Once you get instructions, they expect you to follow through and get it done. There's a lot of similarities. People depend on you. You can feel it."

Murphy wants letter carriers to know about the benefits that they may be entitled to as veterans. Military service is treated as prior employment in the Postal Service and can be used as credit toward retirement so long as it is classified as "Honorable" or "General." For those hoping to be hired at USPS, veterans are given preference in hiring so long as they can prove their veteran status with appropriate documentation. If a letter carrier was injured during their military service and their job responsibilities caused their injury to be aggravated, they may be eligible for Department of Veterans Affairs disability benefits and Federal Employees' Compensation Act benefits.

For more on veterans' benefits, see the NALC *Veterans Guide* at nalc.org/veterans.



Eddie Murphy

Join the NALC Veterans Group

The NALC Veterans Group is designed to provide NALC members—both active and retired letter carriers—who are also military veterans the ability to connect with fellow NALC veterans and stay informed on issues of importance to letter carrier veterans. It is free to join.

Members receive a pin as a symbol of gratitude for your military service and membership in NALC.

If you are interested in joining the group, complete the sign-up card at right and mail it to the address included. A fillable version is also available at nalc.org/veterans.



You continue to serve your country—
THANK YOU!

NALC Veterans Group

Complete this form and mail it to:
NALC Veterans Group, c/o NALC,
100 Indiana Ave., N.W., Washington, DC 20001-2144

NAME: _____

ADDRESS: _____

CITY, STATE, ZIP: _____

NALC BRANCH NUMBER: _____ BRANCH OF SERVICE: _____

I BELONG TO THE FOLLOWING VETERAN GROUP(S):

☐ AMERICAN LEGION ☐ DISABLED AMERICAN VETERANS ☐ VETERANS OF FOREIGN WARS
☐ OTHER: _____

Free
to join