



Retirement Facts 3



Deposits and Redeposits Under the Civil Service Retirement System



This is a non-technical summary of the laws and regulations on the subject. It should not be relied upon as a sole source of information.



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The information in this publication is a non-technical summary of the relevant laws and regulations dealing with this subject. It should not be relied upon as a sole source of information. For further information on deposits and redeposits, you should contact your employing or personnel office.

Other titles in the Retirement Facts Series:

1. The Civil Service Retirement System
2. Military Service Credit Under the Civil Service Retirement System
4. Disability Retirement Under the Civil Service Retirement System
5. Survivor Benefits Under the Civil Service Retirement System
6. Early Retirement Under the Civil Service Retirement System
7. Computing Retirement Benefits Under the Civil Service Retirement System
8. Credit for Unused Sick Leave Under the Civil Service Retirement System
9. Refunds Under the Civil Service Retirement System
10. Voluntary Contributions Under the Civil Service Retirement System
11. Information for Separating CSRS Employees Who Are Not Eligible for an Immediate Annuity
12. Information About Reemployment for CSRS Annuitants

If you want information on the Federal Employees Retirement System (FERS), ask your employing office for a copy of "FERS" (RI 90-1).

Deposit Service

Practically any employment you've had with the Federal Government or the District of Columbia (if first employed by the D.C. Government before October 1, 1987), that was not covered under the Civil Service Retirement System (CSRS), including employment covered by Social Security withholdings, is creditable for retirement purposes, so long as you become covered by CSRS at some later date. A period of service not covered by CSRS is called deposit service. It is called deposit service because you are allowed to pay a monetary deposit for it, either to avoid a reduction in the amount of your annuity or, in some cases, to receive credit for the service at all. Even employment covered by another Federal retirement system (such as TVA, Foreign Service, etc.) is creditable provided you are not receiving any benefits for that time under the other system. Generally you obtain a refund of your contributions under the other system and deposit the refund, with interest, in the Civil Service Retirement and Disability Fund to receive any credit for that period of time.

Employment Before October 1, 1982

If you worked for the Federal Government or the District of Columbia prior to October 1, 1982, in positions for which deductions for the CSRS were not made, you will receive limited credit for this service in the computation of your CSRS annuity benefits. Specifically, the period will count when computing your length of service. However, your annuity will be reduced by one-tenth of the amount that you would have paid in to the CSRS plus interest had the service been covered by the CSRS.

For example, if you entered Federal service under a temporary appointment in July 1973 and paid into Social Security rather than the CSRS until you were converted to a career-conditional appointment in January 1974, you would have a period of deposit service totaling approximately 6 months. If the amount of CSRS deductions (7 percent of basic pay at that time) and interest amount to \$840 at the time you retire, your yearly annuity would be reduced by one tenth of the amount due at that time--\$84 a year or \$7 per month. Again, if you make the deposit, there would be no reduction in your annuity.

Employment After October 1, 1982

If you worked for the Federal Government or the District of Columbia after October 1, 1982, in positions for which CSRS deductions were not made, you will have to make the required deposit before that service can be used in any annuity computation. (Note: If you were first hired by the District of Columbia on or after October 1, 1987, that service is not creditable under CSRS.) If the deposit is not made, you can still count the time involved for "title purposes"--i.e., for meeting the minimum length of service for an immediate annuity, and for determining "high-3" average salary. However, no credit will be allowed in the computation of the annuity--i.e., the time will not be multiplied by a percentage of the "high-3" average salary.

Redeposit Service

Except as explained below, if you are now employed, but later separate from service and receive a refund of your CSRS contributions, you must repay that money, plus any applicable interest, before the period of time covered by the refund can be credited in the computation of your annuity benefits. This period of service is called

redeposit service. You must be employed under retirement coverage to apply to make the redeposit, if you received a refund of your retirement deductions.

If you do not make the redeposit, you can still count the time involved for "title purposes," as explained above, and for determining the "high-3" average salary. However, no credit will be allowed in the computation of the annuity unless you pay the total amount owed by the time you retire, unless the refunded service ended before October 1, 1990 or you are eligible to receive the Alternative Form of Annuity (see Deemed Deposits and Redeposits, below).

If you have received a refund that covers a period of service that ended before October 1, 1990, including employment covered by another Federal retirement system, you will not have to pay the redeposit to receive credit for that service when you retire (except if you retire for disability). Instead, full credit for the refunded service will be allowed in computing your annuity, but the annuity will be actuarially reduced based on your age and the amount of redeposit, including interest, you owe at the time you retire. You can elect to pay the redeposit if you prefer, and avoid the actuarial reduction.

Periods of Nonpay

Full credit is given without deposit to the CSRS for periods of furlough or leave-without-pay that do not exceed 6 months in any calendar year. The entire period of time you are receiving benefits from the Office of Workers' Compensation Programs due to an on-the-job injury is credited without deposit if you later return to Federal service.

Interest Rates

Deposits for service performed before October 1, 1982, and redeposits for refunds applied for prior to October 1, 1982, are subject to an interest rate of 4 percent per year up to December 31, 1947, and an interest rate of 3 percent per year after 1947, compounded annually. Deposit covering employment on or after October 1, 1982, and redeposit of refunds applied for on or after that date, are subject to an interest rate of 3 percent per year through December 31, 1984, and, thereafter, at a yearly rate equivalent to the rate of interest earned by new Retirement Fund investments as determined by the Secretary of the Treasury, compounded annually.

Your application to make either a deposit or redeposit (Standard Form 2803) must be filed with your current personnel office. Staff there will estimate the amount you actually owe and explain further how your future retirement benefits may be affected by any outstanding deposit or redeposit.

Deemed Deposits and Redeosits

If you elect to receive the Alternative Form of Annuity when you retire, any unpaid redeposit and most deposits for service that you still owe at that time will be deemed to have been paid. However, this option is now available only if you have a life threatening medical condition. In other words, if you elect the Alternative Form of Annuity, you would not actually have to pay the deposit or redeposit. OPM would simply consider it paid when determining the amount of your creditable service. The deemed deposit/redeposit would also be added to your total lump-sum credit used in determining the amount by which your annuity must be reduced under the Alternative Form of Annuity option.