

CREDITING  
MILITARY SERVICE

DFAS-DE/FJ/BC  
6760 East Ironstone  
Place  
Denver, Co 80279-3000

# CREDITABLE MILITARY SERVICE

**ACTIVE MILITARY SERVICE** is duty in the uniformed forces of the United States performed on a full-time basis. Section S3-5(b) of FPM Supplement 831-1 lists the types of military service which are creditable.

To be creditable for retirement purposes, active military service must have been terminated under honorable conditions. The type of discharge determines whether service was honorable.

An **HONORABLE DISCHARGE** means any separation from active duty in the armed forces under honorable or satisfactory conditions. If an employee has several enlistments or commissions, each period of service is considered separately.

**HONORABLE DISCHARGES**—The following types of separations are considered to be under honorable conditions:

1. Died in action
2. Separated because of undue hardship
3. Transferred to retired list because of age or disability
4. Transfer to Fleet Reserve
5. Furlough to Reserve Forces
6. Under honorable conditions
7. General discharge

**DISHONORABLE DISCHARGES**—The following types of separations are considered to be dishonorable or under other than honorable conditions:

1. Undesirable
2. Acceptance of resignation for the good of the service
3. Bad conduct
4. Unfitness
5. Desertion
6. Clemency or "neutral" discharge\*

**DOUBTFUL or SPECIAL ORDER DISCHARGES**—For the following it is impossible to tell from the discharge whether the service was honorable or dishonorable. The appropriate military agency must be contacted for this information.

1. Separation because of fraudulent enlistment (misrepresentation of age, marital status, etc.)
2. Wholly retired
3. Acceptance of resignation if "under honorable conditions" is not shown

\*Clemency or Neutral discharges were given to any individual who had evaded the draft or deserted the military service during the Vietnam Era (8-4-64 through 3-28-73) provided he (1) presented himself to a U.S. attorney prior to 3-31-75, (2) executed an agreement acknowledging his allegiance to U.S., and (3) satisfactorily completed a period of alternate service for up to 2 years.

# MILITARY SERVICE

1. All honorable ACTIVE military service is potentially creditable.

2. EXCEPTION:

- Employees in receipt of military retired pay receive NO credit for any of their military service.

3. Military retired pay may be waived and all military service credited:

A. Must be waived for CSRS purposes.

B. Waives only monthly military retired pay check ( including survivor benefits ) not any other military benefits.

4. EXCEPTION TO EXCEPTION:

- Credit is allowed if retired pay is based on:

- Combat - connected disability
  - Age and service in the reserves ( under chapter 67, Title 10, USC )
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# MILITARY DEPOSIT

1. No deposit is due for military service performed prior to 1-1-1957.
2. For military service performed on or after 1-1-1957, the deposit owed is 7% of the military basic pay earned during the post-56 military service ( 3% under FERS ), plus interest.
3. For most employees under CSRS or for employees who transferred to FERS, interest started 10-1-1985 at the variable ( market ) interest rates.
4. To compute the current amount owed, including interest, multiply the earnings during the period of military service by 7% to compute the deposit owed without interest. Then multiply the deposit owed by the following composite interest rate factor:

If payment is made by 9-30-94, the composite interest rate factor is 1.9865537.

If payment is made 10-1-1994 through 9-30-1995, the composite interest rate factor is 2.115481.

# POST-56 MILITARY SERVICE DEPOSIT

## WHEN INTEREST STARTS

1. For employees first employed under CSRS prior to 10-1-1983, interest started accruing 10-1-1985. If the employee was not employed in the Federal service on 10-1-1982, then interest started accruing 2 years from the date the employee was rehired in a position subject to CSRS or CSRS Offset.
  2. For employees first employed on or after 10-1-1983, interest started accruing 2 years from the date the employee was first employed subject to CSRS.
  3. If military service was performed after the date of first employment and after 10-1-1983, interest for that period of military service starts 2 years from the date the employee returns to a position subject to CSRS or CSRS Offset.
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# POST-56 MILITARY SERVICE DEPOSIT

## FIRST EMPLOYED PRIOR TO 10-1-1982

1. If ENTITLED to Social Security at time of retirement (age 62 or older):
    - Post-56 military service not used unless deposit was made prior to retirement.
  
  2. If NOT ENTITLED to Social Security at time of retirement (under age 62 or less than 40 QC's):
    - All military service will be used in the computation.
  
  3. If an annuitant who retired prior to age 62 is ENTITLED to Social Security at age 62:
    - The annuity will be recomputed to exclude Post-56 military service unless deposit was made prior to retirement.
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# MILITARY DEPOSIT (CONTINUED)

## FIRST EMPLOYED ON / AFTER 10-1-1982

1. If employee **MAKES** the military deposit:
  - Service credited regardless on Social Security entitlement.
  
2. If employee **DOES NOT** make the military deposit:
  - Service is **NOT** credited regardless of Social Security entitlement.


NOTE: Service is not credited for both **ELIGIBILITY** and **COMPUTATION** purposes.

3. **DEPOSIT DUE** : 7% of base pay earned during Post-56 military service, plus
  
  4. **INTEREST** : No interest if paid in full by 9-30-1986, or within 2 years of the date of first employment under CSRS, whichever is later; variable interest rate thereafter, compounded on an annual basis.
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# CSRS

## DEPOSITS FOR POST-1956 MILITARY SERVICE



Persons First Employed under CSRS before 10-1-82

If The Individual Is	Choices	Effect on Annuity
Eligible for Social Security benefits at time of retirement	Paying the post-1956 military service deposit before retiring.	All military service will be used to determine eligibility to retire and for annuity computation purposes.
	Not paying the post-1956 military service deposit before retiring.	All military service will be used to determine eligibility to retire.  However, pre-1957 military service will be used in the computation of annuity.
Ineligible for Social Security benefits at time of retirement, but becomes eligible at age 62	Paying the post-1956 military service deposit before retiring.	All military service will be used for determining retirement eligibility and for annuity computation purposes when the annuity begins and later.
	Not paying the post-1956 military service deposit before retiring.	All military service will be used for determining retirement eligibility and for annuity computation purposes when the annuity begins.  At age 62, the annuity will be re-computed to eliminate credit for post-1956 military service.
Not eligible for Social Security benefits at age 62		All military service will be used for retirement eligibility and annuity computation purposes without payment of the deposit.



## DECIDING WHETHER TO WAIVE MILITARY RETIRED PAY

With few exceptions, receipt of military retired pay means that no military service can be credited toward retirement eligibility or used for the computation of annuity unless military retired pay is waived.

Type of Military Retired Pay	Choices	Effect on Annuity
<p>Awarded on account of service-connected disability which was:</p> <ol style="list-style-type: none"> <li>1. Incurred in combat with an enemy of the United States; or</li> <li>2. Caused by an instrumentality of war and incurred in the line of duty during a period of war.</li> </ol>		<p>The years of military service will be used in computing the CSRS annuity (subject to CSRS military deposit rules). A waiver of military retired pay is not required.</p>
<p>Awarded under provisions of sections 1331 through 1337 of chapter 67, title 10, U.S. Code, which grants retired pay to members of reserve components who meet age and service requirements.</p>		
<p>Other types of military retired pay.</p>	<p>Waiving military retired pay</p>	<p>All creditable military service will be used in computing CSRS annuity (subject to CSRS military deposit rules).</p>
	<p>Not waiving military retired pay</p>	<p>Any military service used to compute military retired pay will not be used to compute the CSRS annuity.</p>

## INSTRUCTIONS FOR COMPLETING FORM

### "ESTIMATED EARNINGS DURING MILITARY SERVICE"

1. Enter in the space provided the name and address of the military finance center for your branch of service (see back of form), and fill in other information requested. (if you have service in more than one branch of the military, you must request earnings for each period from the appropriate branch.)
2. List each period of active, honorable military service performed after 1955 for which a deposit may be made. DO NOT LIST periods of active duty for training performed while on leave from a Federal civilian position.
3. Attach DD 214, or equivalent verification, for each period of service listed. If you do not have a DD 214, or equivalent, obtain a SF 180 from your personnel office to obtain verification of your service before forwarding the request for estimated earnings to the military finance center. THE FINANCE CENTER CANNOT PROVIDE ESTIMATED EARNINGS UNLESS VERIFICATION OF THE SERVICE IS ATTACHED.
4. Attach any available records of military pay and promotions during the periods of service which you listed.
5. Enter your own address in the box at the bottom of the form. The military finance center will enter the estimated earnings and return the form to you.