



## **Deposit And Redeposit Service Federal Employees Retirement System (FERS)**

Updated 2 Oct 04

### **What is deposit service?**

Deposit service is a period of service during which no retirement contributions were withheld from salary, also called nondeduction service. Examples of nondeduction service are temporary employment, and time while working on an intermittent work schedule. During this time, only Social Security (FICA) was withheld from salary.

### **What is redeposit service?**

Redeposit service is Federal service during which contributions to the retirement fund were deducted from salary and which you later applied for and received as a refund after separation from federal employment.

### **May I make a deposit for nondeduction service under FERS?**

Yes – but only for nondeduction service performed **prior to 1-1-89**. Current law prohibits deposit for nondeduction service performed on or after 1-1-89. Exception: An employees who transfers to FERS with eligibility for a Civil Service Retirement System (CSRS) annuity component (at least 5 years civilian service creditable under CSRS rules, not counting any service with CSRS Offset coverage), may make a deposit for any nondeduction service that is included in the CSRS annuity component. The deposit will be under CSRS rules.

### **Is nondeduction service prior to 1-1-89 creditable for retirement eligibility and annuity computation if the deposit is not paid?**

If the service falls in the FERS component, then no. No deposit, no credit for retirement eligibility or annuity computation.

### **May I redeposit refunded FERS contributions?**

A FERS employee may not redeposit a refund for FERS service that was received after becoming covered by FERS. (This service is not creditable for retirement eligibility or annuity computation.) However, an employee who transferred to FERS with eligibility for a CSRS annuity component (at least 5 years civilian service creditable under CSRS rules, not counting any service with CSRS Offset coverage) may make a redeposit for refunded CSRS service that is included in the CSRS annuity component.

### **How is the deposit for nondeduction service computed?**

FERS employees pay a deposit of 1.3 percent of the basic pay earned during the nondeduction service, plus interest, in order to receive credit for that period of service.

### **Under what conditions is a redeposit allowed for service for which an employee has received a refund of contributions?**

If the refunded service occurred **prior** to being covered under the FERS retirement system, you may receive credit for the service by paying a redeposit. If the service is credited under FERS rules, the redeposit is generally 1.3 percent of the basic pay received during the period of refunded service, plus interest. However, if the service is part of a CSRS component, then CSRS redeposit rules apply.

**How is interest assessed on deposits and redeposits?**

It depends on when the service was performed. Interest is added at the rate of four (4) percent for service performed through December 31, 1947; three (3) percent from January 1, 1948 through December 31, 1984; and the variable market interest rate after December 31, 1984, compounded annually. The variable interest rates from 1985 to the present are as follows:

1985	13.0%	1992	8.125%	1999	5.75%
1986	11.1225%	1993	7.125%	2000	5.875%
1987	9.0%	1994	6.25%	2001	6.375%
1988	8.375%	1995	7.0%	2002	5.5%
1989	9.125%	1996	6.875%	2003	5%
1990	8.750%	1997	6.875%	2004	3.875%
1991	8.625%	1998	6.75%		

**Is it beneficial to make a FERS deposit for nondeduction service prior to 1-1-89?**

Generally, yes. If you don't pay the deposit, you will not receive credit for the service in determining eligibility to retire or in computing your retirement annuity.

**Does nonpayment of a deposit have an effect on crediting service for purposes other than retirement?**

No. Full credit is granted for leave, promotion, pay increases, retention credit for reduction-in-force, and continuation of life insurance and health benefits after retirement, whether or not the deposit is made.

**How do I make a deposit or redeposit?**

You must complete an SF 3108 (Application to Make Service Credit Payment for Civilian Service-FERS). Full service employees will obtain SF 3108 by contacting a BEST Benefits Counselor (phone numbers are at the end of this brochure). The counselor will complete the agency portion of the form prior to sending it to you. Upon receipt, you will complete the applicant's portion and mail the form to the following address: Office of Personnel Management (OPM), Federal Employees Retirement System, P.O. Box 200, Boyers PA 16020. OPM will notify you of the amount of deposit or redeposit. You may pay the deposit or redeposit in installment payments of \$50.00 or more, or you may choose to pay the amount in full. Payments are made directly to OPM. Interest will continue to accrue on the unpaid balance until it is paid in full. The longer it takes to pay the deposit/redeposit, the more interest will be charged on the amount due. Keep the receipts OPM sends showing full or partial payment. However, when you get OPM notice showing the final payment has been made and the balance due is zero, please mail or fax a copy of the notice to BEST for placement in your electronic Official Personnel Folder where it will be easy to find when you are ready to retire. Our mailing address is HQ APFC/DPCB, 550 C Street West, Suite 57, Randolph AFB TX 78150-4759, and the fax number is DSN 665-2936 or (210) 565-2936.

**Please note:** [Limited service employees](#) must contact their servicing Civilian Personnel Office for procedures and questions regarding deposit and redeposit service.

**May I make a deposit or redeposit after separation from service?**

You may make a deposit after separation from service if you have present or future annuity rights (i.e., you have at least 5 years of creditable service and did not take a refund of retirement contributions at your last separation from service). Payment in such cases may be made any time before final adjudication of the retirement claim.

**May I make a deposit or redeposit after retirement?**

Yes, but the deposit/redeposit must be fully paid by the time OPM completes final adjudication of your retirement. It is not necessary to postpone filing an application for retirement because a deposit/redeposit is due. Just be sure to include a written request to make the deposit/redeposit, or a completed [SF 3108](#) (Application to Make Service Credit Payment-FERS), with your retirement package. OPM will contact you to advise of the amount due and how your annuity will be affected if not paid. If you wish to make the payment, you will do so at this time. **However**, if you need this service in order to be **eligible** to retire, you **must** pay the deposit.

**Who can I contact if I have questions or need assistance?**

“[Full service](#)” employees may contact a BEST Benefits Counselor at the number(s) below. “[Limited service](#)” employees must contact their servicing Civilian Personnel Office for assistance with deposit and/or redeposit service and other retirement related issues.

**BEST Mailing Address**  
HQ AFPC/DPCB  
550 C Street West Ste 57  
Randolph AFB TX 78150-4759

**BEST Homepage**  
[www.afpc.randolph.af.mil/dpc/best/menu.htm](http://www.afpc.randolph.af.mil/dpc/best/menu.htm)

**BEST Fax Number**  
DSN 665-2936 or (210) 565-2936

**BEST Phone Numbers:**

**Stateside Employees:** 1-800-616-3775 (Press 2, then 2 again, and follow the prompts)

**Overseas Employees:** Dial a toll-free AT&T direct access number for the country you are located in, then 800-997-2378. (AT&T direct access numbers can be obtained from [www.att.com/business\\_traveler/guides\\_and\\_access/dialing\\_instr.html#outside](http://www.att.com/business_traveler/guides_and_access/dialing_instr.html#outside).)

**Hearing Impaired:** Toll-free TDD 1-800-382-0893  
Commercial 565-2276 within San Antonio, Texas

For assistance dialing BEST phone numbers and navigating the automated phone system, including how to reach a BEST benefits counselor, see our [telephone menu](#).