



United States Office of Personnel Management
Retirement Services

Benefits Administration Letter

Number: 23-105

Date: September 8, 2023

Subject: Military Service Deposit Eligibility Notification Requirement

This Benefits Administration Letter (BAL) expands upon the information outlined in [BAL 17-101](#), *Additional Guidance on Military Deposits*, and further details the agency's responsibility to notify and counsel newly appointed Federal employees with prior honorable active duty military service about their eligibility to make a military service deposit in accordance with [5 CFR 831 Subpart U](#) and [5 CFR 842.307](#).

Notification Requirement

To ensure employees have the information necessary to seek timely agency counseling, agencies need to establish internal procedures for notifying newly appointed employees within 90 days of their entry on duty (EOD) date of their eligibility to make a military service deposit. Agency notifications should include the following items:

- Required documents (e.g., RI 20-97, DD 214, etc.)
- General deposit computation and interest accrual information
- Deposit payment options (e.g., payroll deduction, personal check, etc.)
- Advance notice that the deposit must be paid in full prior to separation from Federal service
- Agency contact information to request individual counseling

This early notification will give new Federal employees more time to pay their military service deposit during their initial 2-year interest-free period and before the interest accrues at the end of the third year. Additionally, this provides all new or rehired employees the information necessary to begin the payment process earlier so they can pay a smaller amount as a payroll deduction over a longer period of time and reduce the need to pay a large sum of money prior to separation.

This notification requirement does not change the employee and agency responsibilities outlined in [BAL 17-101](#), *Additional Guidance on Military Deposits*, and summarized below.

Employee Responsibilities

There is no requirement for an employee to pay a military service deposit to receive civilian service credit toward their CSRS or FERS retirement benefit. Therefore, it is an employee's decision to pay (or not pay) a deposit for any distinct period of creditable military service and the following items continue to be an employee's responsibility:

- Seek counseling from their employing agency about the military service deposit requirements and process
- Obtain the required military service records and basic pay documentation (e.g., [RI 20-97](#), Estimated Earnings During Military Service)
- Ensure their military service deposit is paid in full prior to separation from Federal service (e.g., retirement, resignation, removal, termination, etc.)

Agency Responsibilities

Agencies have an obligation to ensure that employees are aware of the options available to them as they pertain to Federal retirement benefits, so that employees are able to make informed decisions. The following items continue to be the agency's responsibility:

- Provide accurate and complete military service deposit counseling, to include a determination on the creditability of a period of active duty military service
- Prepare two computations (percentage of military earnings versus applicable retirement deductions) for a period of military service that falls under the Uniformed Services Employment and Reemployment Rights Act (USERRA) to

determine the smaller of the two calculations to be used for the military service deposit

- Include accurate information about the accrual of interest on military service deposits, and accurately determine and apply the Interest Accrual Date (IAD) in any request to pay a military service deposit
- Make sure that during retirement counseling, employees with unpaid or partially paid military service deposits are advised that they may accelerate payments or make additional payments prior to separation for retirement since not having enough time to pay a military service deposit is not considered an administrative error

Additional Information and Resources

- [5 U.S.C. 8334\(j\)](#) (CSRS); [5 U.S.C. 8422\(e\)](#) (FERS)
- [5 CFR Subpart U](#) (CSRS); [5 CFR 842.306](#) and [5 CFR 842.307](#) (FERS)
- CSRS/FERS Handbook, [Chapter 22 – Creditable Military Service](#)
- CSRS/FERS Handbook, [Chapter 23 – Service Credit Payments for Post-1956 Military Service](#)
- [BAL 17-101](#), Additional Guidance on Military Deposits

For questions regarding the information in this BAL, please contact the Benefits Officers Development and Outreach group at benefits@opm.gov or call (202) 606-0788.

Sincerely,

Margaret Pearson
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