

For: FFAS Employees

2004 Interest Rates for Service Credit Deposits

Approved by: Deputy Administrator, Management



1 Service Credit Deposits

A Purpose

This notice:

- provides updated interest rates applicable to civilian and military service credit deposits
- **Note:** These rates apply to both the CSRS and FERS Retirement Systems.
- defines deposits, redeposits, and post-56 military deposits
- reminds employees that deposits can be made at any time during an employee's career or at time of retirement.

B Definition of Deposit

Deposit is a sum of money that is paid into the retirement fund, plus interest by an employee, to cover a period of service during which FERS or CSRS retirement deductions were not withheld from salary. This includes temporary Federal and county employment, intermittent/WAE service, and Peace Corps Volunteer Service.

C Definition of Redeposit

Redeposit is a sum of money repaid into the retirement fund, plus interest by an employee, to cover a period of service during which CSRS retirement deductions were withheld and later refunded to the employee after a separation from Federal or county service. A refund of FERS service may not be repaid, nor can refunded FERS service be credited for future retirement purposes.

Disposal Date	Distribution
January 1, 2005	All FAS, FSA, and RMA employees; State Offices relay to County Offices

Notice PM-2403

1 Service Credit Deposits (Continued)

D Definition of Military Deposit

Military deposit is an amount of money required to receive credit for title and annuity computation purposes for active military service performed after December 31, 1956. The deposit amount is based on the earnings during the military service, which are certified by the military.

2 Interest Rates

A 2004 Interest Rate

The variable interest rate for 2004 is 3.875 percent.

B Prior Interest Rates

Following are the interest rates for prior years.

Calendar Year	Interest Rate (Percent)
Before 1948	4.0
1948 to 1984	3.0
1985	13.0
1986	11.125
1987	9.0
1988	8.375
1989	9.125
1990	8.750
1991	8.625
1992	8.125
1993	7.125
1994	6.250
1995	7.0
1996	6.875
1997	6.875
1998	6.750
1999	5.750
2000	5.875
2001	6.375
2002	5.500
2003	5.0

Notice PM-2403

3 Effect of Deposits on FERS Service and Annuity

A Nonpayment of Service Credit Payments Under FERS

Nonpayment of service credit payments for a FERS employee will mean that the service will not be used when determining eligibility for retirement or in computing the amount of annuity.

FERS employees must pay deposits for nondeduction service performed before January 1, 1989, and post-56 active duty military service to receive credit for that service.

Note: Temporary service performed after January 1, 1989, is not creditable for FERS under any circumstances.

Employees can apply to make deposits/redeposits at **any time** during their career or at time of retirement. Interest continues to accrue on the unpaid balance of deposits until they are paid in full or the employee retires.

B Action Required

To obtain additional information about how deposit or redeposit service may affect the annuity, and to find how to apply to make service credit payments, contact the servicing personnel office according to this table.

IF located in...	THEN contact...
<ul style="list-style-type: none"> • FSA/FAS/RMA National Office • RMA Regional and Compliance Offices, except Kansas City • FAS Overseas 	HRD, Performance Management, Benefits and Awards Branch, at either of the following: <ul style="list-style-type: none"> • 202-418-9021 • 202-418-9039.
FSA State or County Offices	State Administrative Officer.
<ul style="list-style-type: none"> • KC-ITSD • KCFO • KCCO • KCAO • RMA, Research and Development, and Kansas City Compliance Office • APFO 	KC-HRD at either of the following: <ul style="list-style-type: none"> • 816-926-6643 • 816-926-6148.