

For: FFAS Employees

2008 Interest Rates for Service Credit Deposits and Redeposits

Approved by: Acting Associate Administrator for Operations and Management



1 Service Credit Deposits

A Purpose

This notice:

- provides updated interest rates applicable to civilian and military service credit deposits that apply to 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/when actually employed (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, 2009	All FAS, FSA, and RMA employees; State Offices relay to County Offices

Notice PM-2638

1 Service Credit Deposits (Continued)

D Definition of Military Deposit

Military deposit is an amount of money required to receive credit for eligibility 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 2008 Interest Rate

The variable interest rate for 2008 is **4.750 percent**.

B Interest Rates Before 2008

The following are the interest rates for years **before** 2008.

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
2004	3.875
2005	4.375
2006	4.125
2007	4.875

Notice PM-2638

3 Effect of Deposits on FERS Service and Annuity

A Nonpayment of Service Credit Payments Under FERS

Nonpayment of service credit payments for FERS employees means that the service will **not** be used when determining eligibility for retirement or in the computation of 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. 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.

Post-56 military deposits must be paid in full to the agency before an employee's separation. Post-56 military deposits cannot be paid directly to OPM after retirement.

B Action Required

To obtain additional information about how deposit or redeposit service may affect the annuity, or 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, and RMA National Offices • RMA Regional and Compliance Offices, except Kansas City offices • FAS Overseas offices 	1 of the following employees from HRD, Employee Programs Branch: <ul style="list-style-type: none"> • Darla Hensley at 202-401-0681 • Maria Ruiz at 202-401-0685 • Natasha Facey at 202-401-0687.
FSA State or County Office	State Office Administrative Officer.
<ul style="list-style-type: none"> • FSA and RMA Kansas City offices • FMD, Financial Services Center • FMD, Policy, Accounting, Reporting, and Loan Center • KCCO • BUD • ITSD, Application Development Center • Acquisition Management Division, Kansas City Acquisition Branch • MSD, Kansas City Administrative Services Branch • APFO • RMA, Product Management and Compliance Office 	1 of the following employees from Kansas City Human Resources Office, Employee and Labor Relations Section by service area: <ul style="list-style-type: none"> • Dana Candler at 816-926-6117 • Anne Wheeler at 816-926-6184 • Patricia Gepford at 816-926-6259.