

**For:** FFAS Employees

**2006 Interest Rates for Service Credit Deposits**

**Approved by:** Deputy Administrator, Management



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**1 Service Credit Deposits**

**A Purpose**

This notice:

- provides updated interests rates applicable to civilian and military service credit deposits that apply to CSRS and FERS
- 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.

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<b>Disposal Date</b>	<b>Distribution</b>
January 1, 2007	All FAS, FSA, and RMA employees; State Offices relay to County Offices

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**1 Service Credit Deposits (Continued)**

**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 employee after a separation from Federal or county service.

**Note:** A refund of FERS service may not be repaid, nor can refunded FERS service be credited for future retirement purposes.

**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 that are certified by the military.

**2 Interest Rates**

**A 2006 Interest Rate**

The variable interest rate for 2006 is 4.125 percent.

**B Prior Interest Rates**

Following are the interest rates for prior years.

<b>Calendar Year</b>	<b>Interest Rate (Percent)</b>	<b>Calendar Year</b>	<b>Interest Rate (Percent)</b>
Before 1948	4.0	1995	7.0
1948 to 1984	3.0	1996	6.875
1985	13.0	1997	6.875
1986	11.125	1998	6.750
1987	9.0	1999	5.750
1988	8.375	2000	5.875
1989	9.125	2001	6.375
1990	8.750	2002	5.500
1991	8.625	2003	5.0
1992	8.125	2004	3.875
1993	7.125	2005	4.375
1994	6.250		

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**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 the computation of the amount of annuity. FERS employees must pay deposits for non-deduction 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 your annuity. To find how to apply to make service credit payments, contact your servicing personnel office according to the following table.

<b>IF located in...</b>	<b>THEN contact...</b>
FAS Overseas	HRD, Performance Management, Benefits, and Awards Branch, at either of the following:  <ul style="list-style-type: none"> <li>• 202-401-0861</li> <li>• 202-401-0066.</li> </ul>
FAS/FSA/RMA National Office	
RMA Regional and Compliance Offices (except Kansas City)	
FSA State or County Office	State Administrative Officer
APFO	KCHRO at either of the following:  <ul style="list-style-type: none"> <li>• 816-926-6117</li> <li>• 816-823-3308.</li> </ul>
APSS	
KCHRO	
KCAO	
KCCO	
KCFO	
KC-ITSDO	
RMA Regional & Compliance Offices (Kansas City)	