

For: FFAS Employees

2009 Interest Rates for Service Credit Deposits and Redeposits

Approved by: Deputy Administrator, Management



1 Service Credit Deposits

A Purpose

This notice:

- provides updated interests rates applicable to civilian and military service credit deposits that apply to 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 Federal Employees Retirement System (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.

Disposal Date January 1, 2010	Distribution 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. 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 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 2009 Interest Rate

The variable interest rate for 2009 is **3.875 percent**.

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2 Interest Rates (Continued)

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
2004	3.875
2005	4.375
2006	4.125
2007	4.875
2008	4.750

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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 covered 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 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. It **cannot** be paid directly to OPM after retirement.

B Action Required

To obtain additional information about how deposit or redeposit service may affect your annuity, or to find out how to apply to make service credit payments, contact your Servicing Personnel Office according to the following table:

IF located in...	THEN contact...
<ul style="list-style-type: none"> • FSA/FAS/RMA National Office • RMA Regional & Compliance Offices, except Kansas City • FAS Overseas Posts 	HRD, Employee Programs Branch at 1 of the following: <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 Administrative Officer.
<ul style="list-style-type: none"> • FSA/RMA Kansas City Offices • KCCO, ITSD • AMS • MSD • APFO • Financial Services Center • Policy, Accounting, Reporting, and Loan Center • BUD • HRD • RMA 	either of the following Kansas City Human Resources Office, Employee and Labor Relations Section employees by service area: <ul style="list-style-type: none"> • Dana Candler, 816-926-6117 • Patricia Gepford, 816-926-6529.