
CSRS

REFUNDED SERVICE

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Redeposit Facts & Actuarial Reduction Factors

Refunded Service

Refunded Service is Federal civilian service during which Civil Service Retirement contributions were withheld but later refunded to the employee.

Redeposit

Redeposit is repayment of the refund plus interest.

Impact on Annuity

The impact on the annuity depends upon the date that the refunded service ended.

Actuarial Reduction

(Refunded Service which ended before 10/1/90)

If the refunded service ended before 10/1/1990 and the redeposit is not paid:

Credit is granted for the service in calculating the annuity benefit. The annuity is actuarially reduced.

Loss of Service

(Refunded Service which ended on or after 10/1/90)

If the refunded service ended on or after 10/1/1990 and the redeposit is not paid:

- Full credit is granted for the service in determining eligibility for retirement.
- No credit is granted for the refunded service in the computation of the annuity benefit.

Interest

The interest charged on redeposits depends upon the date that the application for refund was received by the employing agency or by the Office of Personnel Management before or after 10/1/82.

- Refund Prior to 10/1/82: 3% Interest
- Refund on or after 10/1/82 - Variable Interest

Redeposit Facts & Actuarial Reduction Factors

Refunded Service Ended before 10/1/90: Actuarial Reduction

- Credit is granted for the service in calculating the annuity benefit.
- The annuity is actuarially reduced, using the actuarial factors below.

$$\text{Monthly reduction} = \frac{\text{Redeposit due at retirement}}{\text{Actuarial factor}}$$

Actuarial Factors
(Annuities commencing
on or after 10/1/2004)

Age at Retirement	Monthly Reduction Factor
51	230.2
52	225.9
53	221.4
54	216.8
55	211.9
56	207.2
57	202.3
58	197.6
59	193.1
60	188.7
61	183.7
62	178.3
63	173.2
64	168.2
65	163.0
66	157.9
67	153.1
68	148.0
69	142.8
70	138.0

Refunded Service Ended on or After 10/1/90:

If the Redeposit is not paid:

- Full credit is granted for the service in determining eligibility for retirement.
- **No credit is granted for the refunded service in the computation of the annuity benefit.**

Refund Prior to 10/1/82

Refund Prior to 10/1/82: 3% Interest

If the application for refund was received by the agency or OPM **prior to 10/1/82**: Interest is charged at the rate of 3% compounded annually. No interest is charged during periods of separation beginning before 10/1/56.

Example: Refund Prior to 10/1/82 (3% Interest)

Albert, Age 55
\$50,000 Annual Salary

1973 - 1976 - CSRS	\$1,000 Refund + 3% interest
1978 - 2006 - CSRS	\$2,500 Redeposit due

Reduction in annuity: $\frac{\$2,500}{211.9} = \12 per month

If the Redeposit is paid:

Full credit is granted for the service for eligibility and computation purposes.

Refund on or after 10/1/82

Refund on or after 10/1/82 - Variable Interest

If the application for refund was first received by the agency or OPM **on or after 10/1/82**: Interest is charged at the rate of 3% per year through 12/31/84 and at a variable interest rate beginning 1/1/85.

Variable Interest Rates

1985	13.0%		1996	6.875%
1986	11.125%		1997	6.875%
1987	9.0%		1998	6.75%
1988	8.375%		1999	5.75%
1989	9.125%		2000	5.875%
1990	8.75%		2001	6.375%
1991	8.625%		2002	5.5%
1992	8.125%		2003	5.0%
1993	7.125%		2004	3.875%
1994	6.250%		2005	4.375%
1995	7.00%		2006	4.125%

Note: Variable interest accrues on December 31 of each year.

Example: Refund on or after 10/1/82: Variable Interest (Refunded service ended before 10/1/90.)

Barry, Age 55
\$50,000 Annual Salary

1973 - 1986 - CSRS	\$14,000 Refund
	<u>+ variable interest</u>
1987 - 2006 - CSRS	\$56,000 Redeposit due

Reduction in annuity: $\frac{\$56,000}{211.9} = \264 per month

If the Redeposit is paid:

Full credit is granted for the service for eligibility and computation purposes.

Refunded Service Ended on or After 10/1/90

Refunded Service Ended on or After 10/1/90:

If the Redeposit is not paid:

- Full credit is granted for the service in determining eligibility for retirement.
- **No credit is granted for the refunded service in the computation of the annuity benefit.**

Example: Refunded service ended on or after 10/1/90

Charlie, Age 55
\$50,000 Annual Salary

1975 - 1991 - CSRS	\$18,000 Refund <u>+ variable interest</u>
1992 - 2006 - CSRS	\$45,000 Redeposit due

If the Redeposit is NOT paid:

No credit is granted for 1975-1991 in the computation of the annuity.
Annuity is based upon 14 years (1992 - 2006) = 24.25% of the high-3 average salary.
24.25% of \$50,000 = \$12,250 per year.

If the Redeposit IS paid:

Full credit is granted for the service in the computation of the annuity.
Annuity is based upon 30 years of service = 56.25% of the high-3 average salary.
56.25% of \$50,000 = \$28,125 per year.

Payment of \$45,000 redeposit increases annuity \$15,875 per year.



Procedures for Payment

Notify Personnel Office of Outstanding Refunds

Personnel Office can provide estimates of redeposit due and annuity reductions.

OPM Notifies Retiring Employees of Redeposits

OPM will automatically send notification of any outstanding redeposits, describe the reduction in annuity and payment procedures along with the first annuity statement.

Employees May Submit Application to Make Redeposit to OPM Prior to Retirement

If more than 6 months from retirement date, an employee may obtain an Application to make Deposit / Redeposit, SF 2803, from Personnel. This form is also available on www.opm.gov. Go to Federal Forms (bottom of home page). Employee completes the front and returns SF 2803 to Personnel. Agency Personnel office will complete form and forward to OPM. OPM will provide billing statement to employee.

CSRS Credit for Civilian Service

Type of Service Retirement Credit	List Dates of Service and Amount of Refund	Calculation of Deposit/Redeposit	Impact on Annuity if Payment is Not Made	Procedures for Payment
Pre 10/1/82 Non-deduction CSRS		7% (or 6.5%) of earnings plus 3% interest \$ _____	Annuity is reduced by 10% of unpaid deposit -\$ _____/yr = -\$ _____/mo	SF 2803 ---->OPM
Post 9/30/82 Non-deduction CSRS		7% of earning plus variable interest. \$ _____	No credit for service in the annuity calculation	SF 2803 ---->OPM
Pre 10/1/82 CSRS Refund		Refund plus 3% interest. \$ _____	Annuity is actuarially reduced. -\$ _____/month	OPM will notify retirees. OR SF 2803 ->OPM
Post 9/30/82 Pre 10/1/90 CSRS Refund		Refund plus variable interest. \$ _____	Annuity is actuarially reduced. -\$ _____/month	OPM will notify retirees. OR SF 2803 ->OPM
Post 9/30/90		Refund plus variable interest.	No credit for service in the annuity calculation. -\$ _____/yr. = -\$ _____/mo	SF 2803 ----> OPM