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(i) Submit a written application for the pre-1969 National Guard technician service to OPM before November 6, 1991; and

(ii) Complete a deposit for the additional service in a lump sum or in installment payments of $50 or more. Payments must be completed before their retirement claim is finally adjudicated, unless the deposit is deemed made when they elect an alternative form of annuity.

(4) *Annuitants and survivors.* (i) Individuals who were entitled to receive an immediate annuity (or survivor annuity benefits) as of November 6, 1990, may make a deposit for pre-1969 National Guard technician service provided they—

(A) Submit a written application for service credit to OPM before November 6, 1991; and

(B) Complete a deposit for the additional service in a lump sum or in equal monthly annuity installments to be completed within 24 months of the date of the written application.

(ii) To determine the commencing date of the deposit installment payment period for annuitants and survivors, the ''date of application'' will be considered to be the first day of the second month beginning after OPM receives a complete written application from the individual.

(iii) To be a complete application, the individual's written request for pre-1969 National Guard technician service credit must also include a certification of the dates of employment and the rates of pay received by the individual during the employment period. The individual may obtain certification of service from the Adjutant General of the State in which the service was performed.

(d) *Credit for service performed as an employee of a nonappropriated fund instrumentality.* (1) Credit for service with a nonappropriated fund instrumentality is allowed in accordance with an election under part 847 of this chapter.

(2) Service under FERS for which the employee withdrew all deductions is creditable in accordance with an election made under part 847 of this chapter.

(3) An annuity that includes credit for service with a nonappropriated fund instrumentality or refunded service under paragraph (d)(2) of this section is computed under part 847 of this chapter.

[52 FR 18193, May 14, 1987, as amended at 56 FR 6554, Feb. 19, 1991; 56 FR 55596, Oct. 29, 1991; 61 FR 41720, Aug. 9, 1996]

§ 842.305 Deposits for civilian service.

(a) *Eligibility—current and former employees or Members.* An employee or Member subject to FERS and a former employee or Member who is entitled to an annuity may make a deposit for civilian service described under paragraphs (a)(2) and (a)(3) of § 842.304 upon application to OPM in a form prescribed by OPM. A deposit for civilian service cannot be made later than 30 days after the first regular monthly payment as defined in § 842.602.

(b) *Eligibility—survivors.* If an employee or Member was, at the time of death, eligible to make a deposit, the employee's survivor may make the deposit for civilian service. A deposit under this paragraph cannot be made after adjudication of the survivor's application for benefits becomes final, which is 30 days after the date of OPM's notice to the survivor of the annuity rates with and without making the deposit.

(c) *Distinct period of service.* A deposit is not considered to have been made for any distinct period of service unless the total amount due for the period is paid in full. A distinct period of civilian service for this purpose is a period of civilian service that is not interrupted by a break in service of more than 3 days.

(d) *Amount of deposits.* The amount of a deposit for a period of service under § 842.304(a)(2) equals 1.3 percent of the basic pay for the service, plus interest. The amount of a deposit for a period of service under § 842.304(a)(3) equals the amount that would have been deducted from pay under 5 U.S.C. 8422(a) had the employee been subject to FERS during the service, plus interest.

(e) *Interest.* (1) Interest is charged at the rate of 4 percent a year through December 31, 1947; 3 percent a year beginning January 1, 1948, through December 31, 1984; and thereafter at a rate as determined by the Secretary of the Treasury for each calendar year that

equals the overall average yield to the Civil Service Retirement and Disability Fund (the Fund) during the preceding fiscal year from all obligations purchased by the Secretary during such fiscal year under 5 U.S.C. 8348 (c), (d), and (e).

(2) The computation of interest is on the basis of 30 days to the month. Interest is computed for the actual calendar time involved in each case; but, whenever applicable, the rule of average applies.

(3) Interest is computed from the midpoint of each service period included in the computation. The interest accrues annually on the outstanding portion, and is compounded annually, until the portion is deposited. Interest is not charged after the commencing date of annuity or for a period of separation from the service that began before October 1, 1956.

(f) *Forms of deposit.* Deposits may be made in a single lump sum or in installments not smaller than $50 each.

(g) *Cadet Nurse Corps.* (1) Upon receiving an application for service credit with the Cadet Nurse Corps, OPM will determine whether all the conditions for creditability (§ 842.304(b)) have been met; compute the deposit, including interest; and advise the employing agency and the employee of the total amount of the deposit due. The rate of basic pay for this purpose is deemed to be $15 per month for the first 9 months of study; $20 per month for the 10th through the 21st months of study; and $30 per month for any month in excess of 21 months. Interest is computed in accordance with paragraph (e) of this section.

(2) The employing agency must establish a deposit account showing the total amount due and a payment schedule (unless deposit is made in one lump sum) to record the date and amount of each payment.

(3) If the individual cannot make payment in one lump sum, the employing agency must accept installment payments (by allotments or otherwise). The employing agency, however, is not required to accept individual checks in amounts less than $50.

(4) Payments received by the employing agency must be remitted to OPM immediately for deposit to the Civil Service Retirement and Disability Fund.

(5) Once the employee's deposit has been paid in full or closed out, the employing agency must submit the documentation pertaining to the deposit to OPM in accordance with instructions issued by OPM.

(h) *Processing applications for pre-1969 National Guard technician service credit for employees subject to FERS retirement deductions after November 5, 1990*—(1) *OPM determines creditable service.* OPM will determine whether all conditions for crediting the additional service have been met, compute the deposit, and notify the employee of the amount of and the procedures for submitting the deposit payments to OPM to obtain credit for the service.

(2) *Computing the deposit.* (i) For individuals who will not have a CSRS component, the deposit will be computed based on—

(A) One and three tenths percent of basic pay at the time the service was performed; and

(B) Interest at the rate of 3 percent per year computed as specified by section 8334(e)(2) of title 5, United States Code, until the date the deposit is paid.

(ii) For individuals who will have a CSRS component, the deposit will be computed as specified in 5 CFR 831.306(c).

(i) *Processing applications for pre-1969 National Guard technician service credit for annuitants (and survivors) and for former employees who separated after December 31, 1968, and before November 6, 1990*—(1) *OPM determines creditable service.* OPM will determine whether all conditions for crediting the additional service have been met, compute the amount of the deposit, and notify the individual.

(2) *Computing the deposit for annuitants and survivors.* (i) For individuals who do not have a CSRS component, the deposit will be computed based on—

(A) One and three tenths percent of basic pay at the time the service was performed; and

(B) Interest at the rate of 3 percent per year as specified by section 8334(e)(2) of title 5, United States Code,

to the midpoint of the 24-month installment period, or if paid in a lump sum, the date the deposit is paid.

(ii) For individuals who will have a CSRS component, the deposit will be computed as specified in 5 CFR 831.306(e)(2)(i) and (ii)(A).

(iii)(A) OPM will notify annuitants and survivors of the amount of the deposit and give them a proposed installment schedule for paying the deposit from monthly annuity payments. The proposed installment payments will consist of equal monthly payments that will not exceed a period 24 months from the date a complete written application is received by OPM.

(B) The annuitant or survivor may allow the deposit installments to be deducted from his or her annuity as proposed or make payment in a lump sum within 30 days from the date of the notice.

(C) Increased annuity payments will begin to accrue the first day of the month after OPM receives the complete written application.

(iv) If an annuitant dies before completing the deposit installment payments, the remaining installments will be deducted as established for the annuitant from benefits payable to the survivor annuitant (but not if the only survivor benefit is payable to a child or children of the deceased), if any. If no survivor annuity is payable, OPM may collect the balance of the deposit from any lump sum benefits payable or from the decedent's estate, if any.

(3) *Computing the deposit for former Federal employees separated after December 31, 1968 but before November 6, 1990.* For former employees with title to a deferred annuity that commences after November 6, 1990, the deposit will be computed as provided in paragraph (i)(2) above, except that interest will be computed through the commencing date of annuity or the date the deposit is paid, whichever comes first.

[52 FR 18193, May 14, 1987, as amended at 56 FR 55597, Oct. 29, 1991; 56 FR 65419, Dec. 17, 1991]

§ 842.306 Military service.

(a) Except as provided in paragraph (b), and unless otherwise provided under title III of the Federal Employees' Retirement System Act of 1986, an employee's or Member's military service is creditable if it was performed—

(1) Before January 1, 1957; or

(2) After December 31, 1956, subject to payment, before separation from service, of the deposit required by § 842.307.

(b) Credit for a period of military service is not allowed if the employee or Member is receiving military retired pay for such period awarded for reasons other than—

(1) Service-connected disability incurred in combat with an enemy of the United States;

(2) Service-connected disability caused by an instrumentality of war and incurred in the line of duty during a period of war (within the meaning of chapter 11 of title 38, United States Code); or

(3) Retirement under chapter 67 of title 10, United States Code.

(c) When adjudicating annuity claims, OPM will accept determinations made by the agency that authorized military retired pay concerning—

(1) The effective date of a waiver of military retired pay;

(2) Whether an individual's military retired pay was awarded for any of the reasons mentioned under paragraph (b) of this section; and

(3) Whether a period of military service forms the basis for military retired pay.

(d)(1) Except as provided in paragraphs (d)(2) and (d)(3) of this section, the computation of a survivor's annuity includes credit for any military service allowable under paragraph (a) of this section.

(2) If the separated employee (as defined in § 843.102 of this chapter) was awarded military retired pay, died after the date of separation from civilian service, and did not waive military retired pay effective before the date of death, military service upon which the military retired pay was based is not creditable.

(3) If the survivor of a deceased employee who had been awarded military retired pay files, in a form prescribed by OPM, an election not to have a period of military service included in the computation of survivor benefits, that period of military service is not included in the computation of survivor benefits.