



Military Service Buybacks

Presented by ProFeds

Military Service Buybacks

Welcome

- Our audience today
- Q&A – the ProFeds Support Team standing by
- Handouts – available for download
- Recorded – how to get the replay
- Stay until the end!

Military Service Buybacks

Your ProFeds Presenter



FedImpact
Retirement Training
presented by ProFeds

Chris Kowalik

- ProFeds Founder
- Developer of the FedImpact Retirement Workshop
- Host of the FedImpact Podcast

Support Team

- Standing by for your questions

Military Service Buybacks

**Breaking Down the
Military Service Buybacks**
**When it's possible, when it's
worth it, and when to avoid it
altogether**

Quick Poll:

***In which branch
of the military
did you serve?***

Military Service Buybacks

Agenda

- The 5 categories of military service
- What does it mean to 'buy back' military service?
- How military buy backs affect eligibility & the pension
- Review 5 case studies to assess outcomes
- Step-by-step process to complete the buyback

Military Service Buybacks

The 5 Categories of Military Service

- Honorable, active service
 - Active Duty
 - Reserves
 - Academy
 - Retirees - Active Duty
 - Retirees - Reserves
- Special note:
National Guard
Military Reserve
Technicians

Military Service Buybacks

The 2 Ways Military Service “Counts” in FERS

- For military service to count in FERS, a “military deposit” is required (i.e. “buying back your time”)
- If a deposit is made, that time will count toward:
 - **Retirement Eligibility** (perhaps allowing you to meet the ‘service years’ requirement earlier)
 - **Pension Calculation** (increasing the pension calculation due to extra service included)

NOTE: Military service NEVER counts in the calculation of the FERS Special Retirement Supplement.

Military Service Buybacks

Service Computation Dates

- Leave SCD:
 - Found on the pay stub
 - Represents ALL of an employee's service for annual leave accrual purposes ONLY
- Retirement SCD:
 - Agency provides or can be manually calculated
 - Represents the length of service from today backwards that counts for retirement purposes

Military Service Buybacks

Service Computation Dates

- Example:
 - Employee's pay stub shows their LSCD of 7/1/1990
 - They have 4 years of military service that they have decided NOT to make a deposit for
 - The LSCD is adjusted forward by 4 years (to 7/1/1994) to remove the military service altogether – this date is known as the RSCD
 - If they were to make a deposit, the LSCD and RSCD would be the same

Military Service Buybacks

FERS credit for post-1956 military service

If military service occurred:	and a deposit is:	Then credit is given towards:	
		Eligibility	Pension
Before January 1, 1957	not required	✓	✓
On or after January 1, 1957	paid	✓	✓
On or after January 1, 1957	not paid	✗	✗

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Deciding if it is "Worth it"

- Step 1: What does it COST you?
 - How much is the deposit?
 - Do you have to give up anything else?
- Step 2: What does it GET you?
 - More money?
 - Retire earlier?
 - Enhance another calculation?

Military Service Buybacks



Assumptions:

Regular FERS

Not retired from
military service

\$100,000 high-3

Military Service Buybacks

Our Case Studies for Military Buybacks

Sara



**5 Years
Active Duty
Service**

Rick



**10 Years
Reserve
Service**

Zach



**4 Years of
Academy
Service**

Military Service Buybacks

CASE STUDY: Sara is 60 with 20 years of FERS time

Sara



**5 Years
Active Duty
Service**

What does it COST?

Deposit owed
(with interest):

\$8,000

Break-even point:
1.6 years

What does she GET?

Adds 5 years
of service to the pension:

\$5,000/year
for the rest of her life

Military Service Buybacks

CASE STUDY: Rick is 58 with 28 years of FERS time

Rick



**10 Years
Reserve
Service**

What does it COST?

Deposit owed
(with interest):

\$6,000

Break-even point:
2.4 years

What does he GET?

Adds 2.5 years
of service to the pension:

\$2,500/year
for the rest of his life

Plus, with the extra 2.5
years, **he is now fully-
eligible to retire!**

Military Service Buybacks

CASE STUDY: Zach is 62 with 18 years of FERS time

Zach



**4 Years
Academy
Service**

What does it COST?

Deposit owed
(with interest):

\$2,000

Break-even point:

.5 year

What does he GET?

Adds 4 years
of service to the pension:

\$4,000/year
for the rest of his life

Plus, with the extra 4
years, **he qualifies for
the 1.1% calculation for
all of his years!**

Military Service Buybacks



Assumptions:

Regular FERS

Retired from
military service

\$100,000 high-3

Military Service Buybacks

Our Case Studies for Military Buybacks

Jose



**20 Years
Active Duty
Retired**

Kacey



**20 Years
Reserve
Retired**

Military Service Buybacks

Military Retirees

- Active duty retirees
 - May make a deposit for active service
 - Must waive military pension upon receipt of CSRS/FERS pension
- Reserve retirees & certain Disability retirees
 - May make a deposit for active service
 - May draw military pension and CSRS/FERS pension simultaneously without penalty

Military Service Buybacks

CASE STUDY: Jose is 58 with 18 years of FERS time

Jose



**20 Years
Active Duty
Retired**

What does it COST?

Deposit owed
(with interest):

\$15,000

Break-even point:
.75 years

**Must waive \$22k military
retired pay upon retiring
from FERS**

What does he GET?

Adds 20 years
of service to the pension:

\$20,000/year*
for the rest of his life

Plus, with the extra 20
years, **he is fully-eligible
and qualifies for the
1.1%* calculation for all
of his years & SRS!**

Military Service Buybacks

CASE STUDY: Kacey is 60 with 20 years of FERS time

Kacey



**20 Years
Reserve
Retired**

What does it COST?

Deposit owed
(with interest):

\$9,000

Break-even point:
1.28 years

What does she GET?

Adds 7 years
of service to the pension:

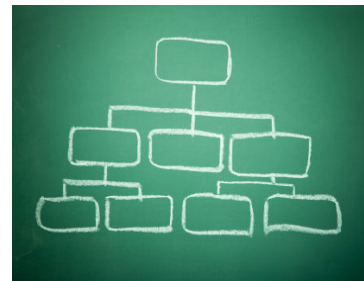
\$7,000/year
for the rest of her life

**Does NOT waive military
retired pay upon retiring
from FERS**

Quick Poll:

***Do you already know
how much you owe to get
credit for your military service?***

Military Service Buybacks



**The Process of
Buying Back
Military Service**

Military Service Buybacks

Making the Deposit for Military Service

- You are not permitted to buy back only part of a piece of service; broken service periods are treated separately
- For FERS, the military deposit owed is:
 - 3% of pay earned during that period of military service
 - Interest (which is compounded)
- Pay prior to retiring (lump-sum/payroll deduction)

Military Service Buybacks

Getting Started in Your Decision

- Know your numbers:
 - Identify the dates and military earnings with DFAS
 - Estimated Earnings During Military Service
RI 20-97 Estimated Earnings During Military Service
 - Calculate how much you owe (i.e. “the deposit amount”)
 - Application to Make Deposit or Redeposit
SF-3108 (FERS)
 - After completing the SF-3108, your agency will provide you a letter with your final “deposit owed” amount and payment options

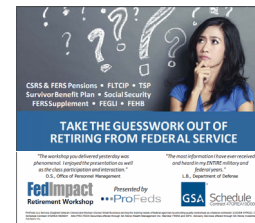
Military Service Buybacks

**So is it worth it to
buy back your
military service?**



Military Service Buybacks


Get the Rest of the Story




- Attend a workshop:
 - Virtual and live options
 - No cost to attend
 - Covers all of the federal benefit topics and decisions to be made
- See all the details at FedImpact.com/Attend

Military Service Buybacks

Handouts & Replay




- Handouts
 - Download
 - Emailed
- Replay
 - Link will be emailed to all registered participants

 [LINK TO REPLAY](#)

Military Service Buybacks

Next Webinar



- Next webinar topic!
 - **Federal Law Enforcement Officers:** Breaking down the unique retirement complexities of federal LEOs
 - Sign-up at: FedImpact.com/Webinar

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 Next webinar: FedImpact.com/Webinar

 | **Thank you for joining us**

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