



# Purchasing Service Credit

*Retiring Soon*

## Purchasing Service Credit

**Y**ou may be able to retire earlier and/or get a bigger monthly allowance by purchasing service credit or reinstating eligible service.

### Minimum Qualifications for Purchase of Service Credit

Service credit you purchase must meet the minimum qualifications of the particular Utah Retirement System you're employed in at the time of your purchase.

### Who May Participate

To purchase service credit you must meet one of the following:

» Be an active member in the Public Employees Contributory or Noncontributory Retirement Systems a minimum of 20 hours of work per week is required, or you must be a half-time teacher. You must also have an existing record of *four or more years of eligible service credit with URS*.

» Be an active member in the Public Safety, Firefighters and Judges Retirement Systems a minimum of 40 hours per week is required. You must also have an existing record of *four or more years of eligible service credit with URS*.

» Be an active member in the Tier 2 Public Employees Retirement System a minimum of 20 hours of work per week is required, or you must be a half-time teacher. You must also have an existing record of *four or more years of eligible service credit with URS*.

» Be an active member in the Tier 2 Public Safety and Firefighter Retirement System a minimum of 40 hours per week is required. You must also have an existing record of *four or more years of eligible service credit with URS*.

### Purchasing Eligible Service Credit

As an active member you or your employer may purchase:

- 1) Refunded, forfeited Utah public service credit,
- 2) Full-time public service while on an approved

leave of absence,

- 3) Exempt service,
- 4) Utah service that does not meet eligibility requirements, but the hours you worked are at least 20 or more per week (Public Employees' Retirement Systems only),
- 5) Worker's compensation and long- and short-term disability benefit periods,
- 6) Forfeited Utah charter school Employment,
- 7) Forfeited employment covered by the Teachers Insurance Annuity Association of America (TIAA) retirement plan,
- 8) Active full-time United States military service, if it does not otherwise qualify for URS service credit,
- 9) Forfeited United States federal employment,
- 10) Forfeited private school employment based in the United States, if you received an employer-paid retirement benefit for the employment,
- 11) Forfeited public employment in another state or territory of the United States that qualifies you for membership in the public plan or system covering the employment.

## Approved Leave of Absence

You may purchase full-time public service representing an approved leave of absence, if it meets current eligibility requirements for the system in which it is to be credited. You'll need to document the leave of absence approval and the compensation you received during your leave of absence.

## Exempt Service

You may purchase eligible service representing all or part of a period when you participated in an alternate plan in lieu of coverage with URS. *You will be required to provide certification that benefits accrued for that period were forfeited.* Service in this category includes official exemption from URS coverage, dissident service, and service rendered for a college or university.

— *Exempt service* may include elected, appointed, administrative, or full-time student service.

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- *Dissident service* refers to a period between July 1, 1982, and June 30, 1984, during which some employers became delinquent in their retirement contributions because of participation in an alternate retirement plan.
- *College or university employment* refers to any period when you participated in an alternate retirement plan in lieu of URS.

## Disability Benefit Service

You may purchase service representing the period when you were paid long-term disability benefits, short-term disability benefits, or worker's compensation disability benefits, at a time when no benefit protection contract existed between your employer and the Utah State Retirement Board.

## Active Military Service

You may purchase *active full-time United States* military service, due to an official call to duty. Short duration service such as weekends, two-week summer camps, etc., in the reserve forces does not qualify. You'll need to submit a copy of your active military separation papers (such as a DD 214) or other military documents showing the exact dates of active duty and that you were honorably discharged. Send them to URS with a completed REQUEST FOR SERVICE PURCHASE form.

## Federal Employment

To purchase *forfeited*, eligible, United States employment while you were a civilian employee in a federal agency, submit a written request and a CERTIFICATION OF SERVICE form to the Federal Records Center **and** the Office of Personnel Management

## Out-of-State Employment

You may purchase *forfeited*, eligible education and public employment that qualified you for membership in the public plan or system covering the employment as follows:

### — Educational Employment

Eligible employment with a school district or political subdivision engaged in educational activities, including public education-related service in private schools based in the United

States (*if* you received an employer-paid retirement benefit for the employment), vocational and technical schools, and institutions of higher learning and affiliated branches.

— **Public Employment**

Eligible employment with another state or political subdivision of a state or federal government including, but not limited to: cities, towns, counties, leagues or associations, special districts or authorities created by state legislation or local government, or a territory of the United States.

## Cost Estimates

You can get an *estimate* of a purchase cost by logging in to myURS at [www.urs.org](http://www.urs.org) and using our Service Purchase Calculator. For an exact cost, fill out a REQUEST FOR SERVICE PURCHASE form and a CERTIFICATION OF SERVICE form or provide a legible copy of a DD 214 military document.

## Allow Time for Certification

Because the certification process to establish purchase eligibility is lengthy, we recommend that you begin at least one year before your anticipated retirement date. Certification must include salary rates, your specific amount of service in public employment, certification of part-time or full-time status, and verification that your service is not creditable to any other retirement system. To do this, complete the “member section” of a CERTIFICATION OF SERVICE form and send it to your previous employer. If you had public employment outside Utah, you’ll also need to send this form to your previous retirement system. If you are purchasing disability benefit service, your previous employer and your insurance company must complete the form. When the completed form comes back to you, send or bring it directly to the Retirement Office.

## Required Forfeiture of Service

Whether you pay for a service purchase yourself or your employer chooses to participate, any amount of qualified, forfeited federal employment, out-of-state educational and public employment, forfeited Utah service, approved leave of absence, and exempt service may be purchased, as long as such

service does not serve as the basis for a pension (compensation) from any other retirement system.

## **Reinstating Previously Refunded URS Service Credit**

If you have a current record of eligible, non-forfeited service credit with URS (i.e., you're employed by a URS participating employer), you or your employer may reinstate a previous refund of member contributions if the contributions represent eligible service. The cost to reinstate a refunded URS retirement account is the dollar amount you withdrew plus interest from the date of withdrawal to the date of repayment.

## **Purchase Deadlines**

The Retirement Office must receive total payment for a service purchase or reinstatement before your retirement date set with the Retirement Office, or your service will be prorated.

## **Firefighters' Retirement System**

- » A reinstatement must be credited to your account four years before qualifying for a non-line-of-duty disability benefit.
- » Purchased service credit cannot be used to qualify for a non-line-of-duty disability benefit.

## **Future Service Credit**

To purchase future service credit, you must meet one of the following:

- » Be an active member in the Public Employees' Noncontributory or Contributory Retirement System and have 25 years of service or be age 65 with five years of service.
- » Be an active member in the Tier 2 Public Employees Retirement System and have 30 years of service or be age 65 with five years of service.
- » Be an active member in the Tier 2 Public Safety and Firefighter Retirement System and have 20 years of service or be age 65 with five years of service.

You, or you and your employer jointly, may purchase a maximum of five years even if it exceeds the number of years required to retire with an unreduced retirement allowance (meaning no early

age reduction.) At a minimum, the number of years of service credit you purchase must be enough to allow you to retire without an early age reduction. You must pay at least 5% of the total cost and retire immediately after your purchase. Your employer may pay up to 95%. (See *Purchasing Future Service Credit* brochure for more information.)

## Cost

Once the cost has been calculated, a notification will be sent to the email address on file at the time of the calculation. The cost can be found by logging in to myURS at [www.urs.org](http://www.urs.org).

## Purchase Payment Options

You may purchase service in the following ways:

- » **Lump-sum payment** any time before your retirement date set with the Retirement Office.
  - *Future service credit payment in total (your payment, rollovers, and any employer payment) must be received within 15 days of your retirement date and **no later than** the day before your retirement date.*
- » **Payroll deduction** (with employer approval) to be completed before your retirement date and within 60 months of your first payment.
  - *Payroll deduction is not available for future service credit purchases.*
- » **Direct rollover** is limited to pretax dollars only from your 401(k) or other qualified plan, or from an eligible employer plan such as a 403(b), 457 (b) Plan, or IRA.

Utah Retirement Systems is a governmental defined benefit plan and a qualified tax-deferred plan under Internal Code Section 401(a).

**Note:** It is your obligation to arrange the direct rollover of untaxed distributions from another qualified plan to URS. Payment must be received by URS before your retirement date set with the Retirement Office.

Before you roll over funds from an eligible plan, check with your financial institution regarding rules for withdrawal. A wire transfer must be received in the Retirement Office no later than the day before

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your retirement date. If your financial institution needs a Letter of Acceptance, please contact URS.

If rolling over funds from your URS Savings Plans to ensure completion of the rollover before your retirement date, we suggest you initiate the rollover at least 10 working days before your retirement date.

» **Payment by your employer** must be received by the Retirement Office no later than the day before your retirement date.

— *Employer is limited to 95% of the cost of a future service credit purchase. Total payment must be received within 15 days of your retirement date and no later than the day before your retirement date.*

This publication is intended to provide general information regarding Purchasing Service Credit and does not constitute legal, tax, financial or investment advice and should not be construed as such or relied upon for those purposes. Nothing herein should be construed to establish, amend, enlarge, reduce, or otherwise affect any benefits, rights, responsibilities, or privileges. If there is a conflict between any applicable law, rule, regulation, plan provision, or contract and the contents of this publication, the law, rule, regulation, plan provision, or contract shall prevail. For specific information about purchases, contact our office in Salt Lake City or St. George.

For more information regarding 401(k), 457(b), IRAs, contact the URS Savings Plans Department at 801-366-7720 or 800-688-401k.



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