




Service purchase: types

Retirement Benefits Training
Fiscal year 2023

1

Public service

- Public service for paid service as employee of:
 - U.S. government;
 - Any state government; or
 - Any political subdivision in the U.S.
- Actuarially neutral payment based partially on:
 - Member's age;
 - Credited service;
 - Current or career-highest salaries, or average final compensation; and
 - Amount of service purchased.
- Each year purchased cannot cost less than 16% of career-highest salary.

PEBA Academy | employer training 2

2

Educational service (K-12)

- Educational service for any period of paid classroom teaching:
 - In grades K-12; and
 - At either a public or private school.
- Actuarially neutral payment based partially on:
 - Member's age;
 - Credited service;
 - Current or career-highest salaries, or average final compensation; and
 - Amount of service purchased.
- Each year purchased cannot cost less than 16% of career-highest salary.

PEBA Academy | employer training 3

3

Military service

- Service performed in U.S. Army, U.S. Navy, U.S. Marine Corps, U.S. Coast Guard, U.S. Select Reserves, U.S. Army National Guard or Air National Guard.
- Can purchase maximum of six years of military service.
- Cannot purchase if member has dishonorable discharge.
- Cannot purchase if still serving. Must have been discharged.
- Actuarially neutral payment based partially on:
 - Member's age;
 - Credited service;
 - Current or career-highest salaries, or average final compensation; and
 - Amount of service purchased.
- Each year purchased cannot cost less than 16% of career-highest salary.

4

Leave of absence

- Employer-approved leaves of absence:
 - Up to two years for each leave period.
 - Must have returned to covered employment within four years.
- Actuarially neutral payment based partially on:
 - Member's age;
 - Credited service;
 - Current or career-highest salaries, or average final compensation; and
 - Amount of service purchased.
- Each year purchased cannot cost less than 16% of career-highest salary.

5

Workers' compensation

- Workers' compensation service purchase available for periods of leave without pay:
 - Caused by on-the-job injury; and
 - During which workers' compensation benefits were received.
- Cost based on:
 - Contributions plus interest; and
 - Earnable compensation at time of injury.
- May arrange in advance with employer to continue making contributions through a supplemental report.
- Supplemental service reports must be made during the time in which benefits are received.

6

Previously withdrawn service

- Previously withdrawn service applies to members who ended covered employment and took account balance refund.
- Purchase cost includes:
 - Amount of refund; and
 - Interest on refund amount from time of refund to date PEBA receives purchase request.
- Purchase may affect whether member is Class Two or Class Three.

7

Non-qualified service

- Member must have five years earned service.
- Can purchase up to five years non-qualified service.
- Actuarially neutral for system, based in part on:
 - Member's age;
 - Credited service;
 - Current or career-highest salaries, or average final compensation; and
 - Amount of service purchased.
- Each year purchased cannot cost less than 35% of career-highest salary.

8

State ORP service

- Paid service while participating in State ORP.
- Actuarially neutral payment based partially on:
 - Member's age;
 - Credited service;
 - Current or career-highest salaries, or average final compensation; and
 - Amount of service purchased.
- Each year purchased cannot cost less than 16% of career-highest salary.

9

Transfer to PORS service

- Member must have:
 - Active PORS account; and
 - Non-concurrent SCRS service, meaning the SCRS service is for a period of time not already covered by PORS service.
- Cost based on 5% of current earnable compensation for each year transferred.

10

Disclaimer

This presentation does not constitute a comprehensive or binding representation of the employee benefit programs PEBA administers. The terms and conditions of the employee benefit programs PEBA administers are set out in the applicable statutes and plan documents and are subject to change. Benefits administrators and others chosen by your employer to assist you with your participation in these employee benefit programs are not agents or employees of PEBA and are not authorized to bind PEBA or make representations on behalf of PEBA. Please contact PEBA for the most current information. The language used in this presentation does not create any contractual rights or entitlements for any person.

11
