




Service purchase: types

Retirement Benefits Training
Fiscal year 2024

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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.

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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.

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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.



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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.



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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.



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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.



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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.



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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.



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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.



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