



Service Purchase (Buy-Up)

Service Purchase, under the heading of “Permissive service credits”, is discussed in Section 3.104, C of the Retirement Rules of Administration. Please read the excerpt of the “Rules” below and call to speak to a Member Services Specialist if you are interested in this option.

Permissive service credits.

(1) *General.* Effective on or after October 1, 2002, a member who has earnings from the city for the then current year may elect to purchase permissive service credits and have his or her period of credited service increased for purposes of calculating the member's retirement benefit, normal retirement date, and special retirement date, pursuant to the provisions of Rule 4. The actuary shall prepare factors which shall be used to determine the voluntary additional contributions that a member must make to purchase permissive service credits, provided, however, that in no event shall a member be required to contribute an amount that exceeds the amount necessary to fund the benefit attributable to the additional credited service that is purchased.

(2) *Limitations.* A member cannot purchase more than five (5) years of permissive service credits that are attributable to non-qualified service, and a member cannot purchase any permissive service credits for non-qualified service prior to completion of five (5) years of participation as a member.

(3) *Non-qualified service.* For purposes of this subsection, the term "non-qualified service" means service for which permissive service credit is allowed other than (i) service (including parental, medical, sabbatical, and similar leave) as an employee of the government of the United States, any state or political subdivision thereof, or any agency instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of the repayment described in section 415(k)(3) of the Code), (ii) service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in clause (i) above) of an education organization described in section 170(b)(1)(A)(ii) of the Code which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), as determined under state law, (iii) service as an employee of an association of employees who are described in clause (i) above, or (iv) military service (other than qualified military service under section 414(u) of the Code) recognized by such governmental plan. In the case of service described in clauses (i), (ii), or (iii) above, such service will be non-qualified service if recognition of such service would cause a for the same service under more than one (1) plan.

(4) *Purchase of permissive service credits.* A member may purchase permissive service credits pursuant to the rules, procedures and forms as may be adopted and amended by the board in its complete discretion, which shall be uniform and nondiscriminatory and which shall be interpreted in a manner that is consistent with the provision of the retirement ordinance and applicable law. Permissive service credits may be purchased by a member's direct payment to the trustee of the amount determined by the factors provided by the actuary, or through a trustee to trustee transfer of such amount from the member's account under an eligible deferred compensation plan (as defined in Code section 457) or a qualified plan within the meaning of Code section 401(a), including a 401(k) plan, or the member's annuity contract meeting the requirements of Code section 403(b).