



Teachers Retirement System
of Georgia

PURCHASING SERVICE CREDIT



AS a member of TRS, you may be eligible to purchase certain types of service credit.

By purchasing service, you will increase the total number of years of creditable service that you have. The years of service that you buy will be added directly to the number of years you have been contributing to TRS.

Because creditable service is one of the three factors used to determine your retirement benefit, you should be familiar with the types of service you can buy.

The most obvious reason to purchase service credit is to increase your retirement benefit. You can use the years that you purchase to become vested or to reach normal service retirement. Also, you can use the service you purchase to increase the benefit received by your beneficiary(ies) in the event you pass away during active service.



GENERAL ELIGIBILITY

All members with an active TRS account (you must have contributed to TRS for at least one year in the last five years) are eligible to purchase service credit provided they meet the specific criteria for each type of service. All service must be established and paid prior to retirement. Beneficiaries of deceased members cannot establish additional service credit. Also, if you are receiving or are eligible to receive a retirement benefit from a teaching position in another state, you cannot establish those years of credit under TRS.

VESTING

A member with at least 10 years of creditable service has a vested right to receive a benefit at age 60. If you have 10 or more years of creditable service and leave a TRS covered position, you are entitled to a service retirement benefit upon attaining age 60, if you have not withdrawn your TRS contributions.

By purchasing your service, you can reach vested status earlier than by working alone. This may enable you to retire at an earlier age. Reaching vested status also entitles your beneficiaries to a monthly benefit in the event you pass away during active employment.

REACHING NORMAL SERVICE RETIREMENT

Members are eligible for monthly retirement benefits if they complete 30 years of creditable service, regardless of age, or if they complete at least 10 years of creditable service and are 60 years of age. You can also retire under our early retirement provision with 25 years of creditable service, but you will be subject to a penalty. By purchasing service you may become eligible for normal retirement at an earlier date.

INCREASING YOUR BENEFIT

When determining your retirement benefit, using a formula set in Georgia law, TRS takes into account your total number of years of creditable service, the average salary of your highest consecutive 24 months of pay, and a 2% multiplier. Each year of service purchased adds another year to your total number of years of creditable service. Therefore, for each year of service you



Example #1

Mr. Rowe, a teacher with 29 years of creditable service, wishes to retire in June at age 55. Mr. Rowe's high average monthly salary is \$4,200. He is eligible to buy 2 years of out-of-state service from a position he previously held in Florida.

A) If Mr. Rowe **DOES NOT** purchase his out of state service, his benefit will be calculated as follows:

- 29 years of service x 2% =
58% of Mr. Rowe's average monthly salary
- 58% of Mr. Rowe's average salary of \$4,200 = \$2,436
- Because Mr. Rowe is retiring under early retirement, there is a 7% penalty applied to his benefit.

FINAL MONTHLY BENEFIT = \$2,265

B) If Mr. Rowe **DOES** purchase his out of state service, his benefit will be calculated as follows:

- 31 years of service x 2% =
62% of Mr. Rowe's average monthly salary
- 62% of Mr. Rowe's average salary of \$4,200 = \$2,604

FINAL MONTHLY BENEFIT = \$2,604

purchase you will receive an increase of 2% of your high average salary during retirement. For example: a member with 32 years of service will receive 64% ($32 \times 2\% = 64\%$) of his or her high average salary; and, a member with 12 years of service will receive 24% ($12 \times 2\% = 24\%$) of his or her high average salary.



Example #2

Ms. King, a teacher with 33 years of creditable service, wishes to retire at the end of this year at age 59. Ms. King's high average monthly salary is \$3,500. She is eligible to buy 3 years of TRS withdrawn service.

A) If Ms. King **DOES NOT** purchase her withdrawn service, her benefit will be calculated as follows:

- 33 years of service $\times 2\% =$
66% of Ms. King's average monthly salary
- 66% of Ms. King's average salary of \$3,500 = \$2,310

FINAL MONTHLY BENEFIT = \$2,310

B) If Ms. King **DOES** purchase her withdrawn service, her benefit will be calculated as follows:

- 36 years of service $\times 2\% =$
72% of Ms. King's average monthly salary
- 72% of Ms. King's average salary of \$3,500 = \$2,520

FINAL MONTHLY BENEFIT = \$2,520

TO BUY OR NOT TO BUY

Whether or not to buy service credit is a very important decision that you must make during your retirement planning process. There are many advantages to purchasing service credit.

Buying credit may enable you to retire earlier, become vested, and increase your benefit. It is also important to remember that



Example #1

Mr. O'Donnell is retiring in June at age 55 with 30 years of service. He has the option of buying 2 years of withdrawn service. The cost of this service is \$6,252.

Without purchasing the service, his estimated monthly retirement benefit would be \$3,214, compared to \$3,384 per month if he buys the withdrawn service. The increased monthly benefit of \$170 means the service will pay for itself in 3 years.

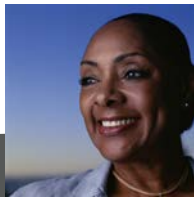
Assuming Mr. O'Donnell earned a 6% rate of return on his money had he not bought the service, the increased benefit would have allowed him to break even in 3 years and 3 months.

If Mr. O'Donnell were to live until age 75, he would receive \$55,353 in additional monthly payments due to the service purchase.

Assuming a 6% rate of return, Mr. O'Donnell would need to have \$30,796 to draw \$170 monthly payments for that same time period.

your beneficiaries will not be able to purchase your service after you have passed away.

When considering the cost of the service, it may be helpful to view the purchase as an investment decision. Following are some examples of hypothetical service purchase situations.



Example # 2

Ms. Kelly is retiring at the end of this year at age 60 with 12 years of service. She has the option of buying 1 year of out-of-state service. The cost of Ms. King's service is \$8,275.

Without buying the service, her estimated monthly retirement benefit would be \$1,042, compared to \$1,127 per month if she buys the service. The increased monthly benefit of \$85 means the service will pay for itself in 7 years and 4 months.

Assuming Ms. Kelly earned a 6% rate of return on her money had she not bought the service, the increased benefit would cause her to break even in 9 years and 4 months.

If Ms. Kelly were to live until age 75, she would receive \$19,144 in additional monthly payments due to the service purchase.

Assuming a 6% rate of return, Ms. Kelly would need to have \$19,831 to draw \$85 monthly payments for that same time period.

TYPES OF SERVICE

There are 13 different types of service credit that can be established in addition to membership service. The following are eligible for purchase, provided you meet the criteria listed after each type of service.

AIR TIME



Eligibility

If you have at least 25 years of service credit, you may purchase up to 3 years of additional service credit at retirement. Air time can only be purchased at the time you apply for retirement. Air time eligibility is not based on any other type of employment.

Cost

The cost to purchase air time is the full actuarial cost of the additional service, making it one of the most expensive types of service purchases we offer. If you withdraw your retirement application and do not retire, TRS will refund your money for any air time purchased and your service credit will be adjusted accordingly.

Request a Cost

To request a cost for air time please call TRS.

ERS TRANSFER SERVICE



Eligibility

If you were previously a member of the Employees' Retirement System of Georgia (ERS) but did not withdraw your funds from ERS, you may transfer your service credit to TRS.

Cost

Because ERS employees and TRS employees pay different employee contribution rates, you must pay the difference in the contribution amount paid as an ERS member and what you

would have paid as a TRS member, plus interest. If you elect to transfer ERS service but do not pay the difference, credit will be established on pro-rata basis, based on the amount transferred from ERS. Full credit will not be granted until the difference has been paid.

Request a Cost

Please submit your request in writing to TRS.

ERS WITHDRAWN SERVICE



Eligibility

If you were previously a member of Employees Retirement System of Georgia (ERS) and withdrew your funds, you may be able to purchase this service with TRS. Once you have completed the required number of years of active membership, you will be eligible to purchase ERS withdrawn service. The required number of years of membership is based on the number of times you have previously withdrawn accounts with ERS or with TRS and ERS.

If you have withdrawn:

- 1, 2 or 3 previous accounts
You must complete 3 years of active membership.
- 4 previous accounts
You must complete 5 years of active membership.
- 5 or more previous accounts
You must complete 10 years of active membership.

Cost

The amount of contributions that would have been paid to TRS had you been a member based on salary earned under ERS, plus accumulated interest.

Request a Cost

Please submit your request in writing to TRS.

Note: Purchasing ERS Transfer or Withdrawn Service does NOT enable you to transfer your unused ERS sick leave to TRS.

MATERNITY LEAVE CREDIT

Eligibility

You can purchase credit for periods of absence from employment due to pregnancy if the period of absence being applied for occurred before March 5, 1976. One and one-half months of credit may be awarded for each pregnancy with a maximum of six months allowable for all pregnancies.

Cost

The cost to purchase maternity leave credit is the full actuarial cost of the service.

Request a Cost

Submit a written request and a birth certificate, to verify the pregnancy, to TRS.



MILITARY SERVICE

Eligibility

Up to five years of military service may be established for **active duty** military service in the United States armed forces, from which you have been honorably discharged. Credit for military service can only be awarded if the service will not be used to determine your benefit for any other state or federally sponsored retirement plan other than social security and the United States Civil Service. Credit for military service can be established for service rendered during periods of national emergency. The official dates for the periods of national emergency are as follows:

- World War II – December 7, 1941 – December 31, 1946
- Korean Conflict – June 27, 1950 – January 31, 1955
- Vietnam Era – August 5, 1964 – May 7, 1975
- November 14, 1979 – Present



You may also establish military service credit for active duty service when a military draft was in effect. To qualify you must have become a public school teacher within five years of release from active duty military service. Also, your college training or teaching service must have been interrupted by military service. The military draft has been in effect during the following time periods:

- September 16, 1940 – March 31, 1947
- June 24, 1948 – July 1, 1973

Credit for **ordered military** duty service may be established if your covered employment was interrupted for the ordered service. All ordered military service must be established within five years from the termination of the ordered military duty.

Retirement credit for certain **qualified** military service (with any of the armed forces of the United States) may be established if your TRS covered employment is interrupted by such service on or after July 1, 1996.

In order to be eligible to establish credit for qualified military service you must notify TRS after resuming employment. In addition, the service must be purchased no later than three times the length of the qualified service or five years, whichever is shorter.

Cost

The cost to establish military duty service during a period of national emergency will be the member contributions that would have been paid had you been a member, plus accrued interest. Interest will begin to accrue based on the dates of your military service. The cost will be based on the first salary you received as a teacher in a Georgia public school after leaving active military duty.

If you went directly from teaching service (within six months) into active duty, the cost will be based on your last annual salary prior to entering active duty military service.

The cost to establish military service credit for periods during a military draft, ordered military service, and qualified military service will be the employer and employee contributions that would have been paid had you been a member, plus accrued interest. Interest will begin to accrue based on the dates of your military service. The cost will be based on the first salary you received as a teacher in a Georgia public school after leaving active military duty.

If you went directly from teaching service (within six months) into the active duty the cost will be based on your last annual salary prior to entering active duty military service.

Request a Cost

Submit a copy of your separation papers (DD-214) indicating your dates of active duty military service to TRS.

OUT-OF-STATE SERVICE

Eligibility

If you had previously worked in a public school system or university in another state, you may be eligible to establish that service time under TRS. To be eligible for this service you must have been working in a permanent position and worked at least half time.

Also, the position you were in must be a position that would be covered under TRS if it were performed in Georgia. By purchasing out-of-state service you must forfeit your right to receive another pension benefit based on those years.

Once you have been an active TRS member for six years you may buy one year of out-of-state service. For each subsequent year of TRS active membership you may buy an additional year of out-of-state service, up to a maximum of ten years.

Cost

The cost to purchase out-of-state service will be the employer and employee contributions that would have been made had



you been a TRS member, based on your salary earned out-of-state, plus accumulated interest.

Request a Cost

Complete and submit an Out-of-State Teaching Certification form (OS4). Because there are parts of the form that must be completed by your previous employer as well as the pension plan for that state, processing out-of-state service can be lengthy.

PRIVATE SCHOOL EMPLOYMENT



Eligibility

If you have prior service with an accredited private school within the state of Georgia, you may be able to purchase that time to establish credit with TRS. Any accredited elementary or secondary school or any private college or university within the state of Georgia is eligible. The service must have been on a permanent basis and you must have been working at least half-time. The school must have been accredited during the time in which you worked by the Southern Association of Colleges and Schools, the Georgia Accrediting Association, or a nationally recognized accrediting agency by the State Board of Education. Once you have been an active TRS member for 6 years you may buy one year of private school service. For each subsequent year of TRS active membership you may buy an additional year of private school service, up to a maximum of ten years.

Cost

The cost to purchase private school service is the full actuarial cost of the additional service, making it one of the most expensive types of service purchases we offer. We recommend that you become vested with TRS and purchase all other types of service for which you are eligible *before* you purchase private school service.

Request a Cost

Complete the Certification of Private School Employment form and return it to TRS. TRS requires satisfactory documentation of the period of employment and that the private school was accredited during your employment.

PSERS CREDIT

Eligibility

If you were a member of the Public School Employees Retirement System (PSERS), you may establish your PSERS service with TRS. Because you cannot have service for both PSERS and TRS during the same time period, you must first withdraw your funds from PSERS.

Cost

Your cost to purchase PSERS service will be the employer and employee contributions that would have been made had you been a TRS member, plus accrued interest. The cost will be calculated based on your salary during your PSERS employment.

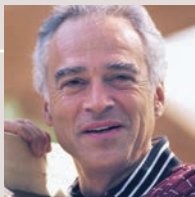
Request a Cost

A Certification of Georgia Service (TRS-3) form must be completed and submitted to TRS.

RETROACTIVE GEORGIA SERVICE

Eligibility

If you were a maintenance or custodial employee of a University System of Georgia institution or Georgia Military College before your position was eligible for TRS, you may be eligible to purchase that service.



University System of Georgia employees whose date of employment is prior to July 1, 1978 have the right to purchase service credit for periods of employment prior to July 1, 1978.

Georgia Military College employees whose date of employment is prior to February 1, 2002 have the right to purchase service credit for periods of employment prior to February 1, 2002.

Cost

The cost of retroactive Georgia service is the total employer and employee contributions that would have been made based on the salary received, plus interest for University System of Georgia employees. For Georgia Military College employees, Georgia Military College will make the payment for employer contributions.

Request a Cost

A Certification of Georgia Service (TRS-3) form must be completed and submitted to TRS.

RETROACTIVE LOCAL SERVICE



Eligibility

The following Georgia school systems were covered under their own pension plans prior to joining TRS:

- Savannah-Chatham County Board of Education
Joined July 1, 1955
- Rome City School System
Joined September 1, 1965
- Atlanta City School System
Joined July 1, 1979
- Fulton County Board of Education
Joined July 1, 1988

If you were employed by these school systems prior to the dates listed above, you may purchase credit for those years.

Members who have not paid for their service from Atlanta City Schools can no longer do so. Please keep in mind that in order to purchase this type of service you must not be eligible to receive benefits from the independent retirement system.

Cost

The cost of this service is the total contributions that would have been made had you been a TRS member based on your earned salary, plus interest. If the contributions made by the state for the employer contributions do not cover what would have been paid to TRS, the member will be responsible for those costs as well.

Request a Cost

A Certification of Georgia Service (TRS-3) form must be completed and submitted to TRS.

TRS WITHDRAWN SERVICE



Eligibility

If you were previously a member of TRS but withdrew your funds, you may repay your withdrawn account. After you have completed the required number of years of active TRS membership, you will be able to reinstate the service credit you withdrew.

If you have withdrawn:

- 1, 2, or 3 previous accounts
You must complete 3 years of active TRS membership before purchasing your service.
- 4 previously withdrawn accounts
You must complete 5 years of active TRS membership before purchasing your service.
- 5 or more previously withdrawn accounts
You must complete 10 years of active TRS membership before purchasing your service.

Cost

The cost to re-establish your withdrawn service is the total amount of money you withdrew, plus accrued interest.

If you have more than three withdrawn accounts, the regular interest rate of repayment will be increased by 2% for each account exceeding three.

Request a Cost

To request a cost for withdrawn service please call TRS. If your withdrawn account was for service after 1996 you may calculate the cost on our website.

VISITING SCHOLAR CREDIT



Eligibility

If you served as a visiting scholar at a public college or university, you may be able to establish up to two additional years of service credit. In order to be eligible you must have been granted a leave of absence from the University System of Georgia prior to leaving employment. Any service purchased under this provision must be included in the maximum of ten years allowable under the out-of-state provision. Also, you must not be eligible to receive another retirement benefit based on this service.

Cost

The cost for visiting scholar credit will be the employer and employee contributions based on your salary at the time you make the application for service credit.

Request a Cost

To request a cost for visiting scholar credit please call TRS.

WORKERS' COMPENSATION DISABILITY



Eligibility

You may be eligible to establish retirement credit for a temporary disability caused by a job related disease or accident. The maximum period is 12 months and must be applied for within six months of returning to service following the temporary disability.

Cost

The cost will be the employee contributions based on the salary you were receiving immediately prior to the disability, plus interest.

Request a Cost

Documentation for proof of a temporary disability must be submitted to TRS. In most cases, the required documents will be the Employers First Report of Injury form and the Notice of Payment or Suspension of Benefits form.

METHODS OF PAYMENT

The preferred method of payment for service purchases for most members is a rollover from a qualified plan. You may roll money from defined contribution plans or defined benefit plans such as a 401(k), 401(a), 403(a) or 403(b), as well as governmental 457 plans. You also may roll over money from an IRA. Roth IRAs are not eligible to be rolled over to TRS.

You also have the option of purchasing service with a money order or personal check. However, please keep in mind that the tax benefits of a rollover from a qualified plan are forfeited by paying for service in this manner. Service can be purchased in one lump-sum payment, or in one-year increments.

Please visit our website or call our office for additional information or questions.



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