

Service Credit

For Tiers 2 through 6



Office of the New York State Comptroller
Thomas P. DiNapoli



NYSLRS

New York State and Local Retirement System

A Message from Comptroller Thomas P. DiNapoli



When you retire, the pension benefit you receive will be directly related to your retirement service credit.

As a Retirement System member, you earn service credit for your paid public employment with a participating employer. This booklet describes the many types of service credit for which you may be eligible.

Remember, our staff is always available to help you and answer your questions.

Sincerely,

A handwritten signature in black ink that reads "Tom DiNapoli". The signature is fluid and cursive, with a colon at the end.

Thomas P. DiNapoli
State Comptroller

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Types of Service Credit

When you join the New York State and Local Retirement System, you begin receiving credit for your employment with a participating employer. This credit is called member service and is based on salary and service information reported to us by your employer.

However, you may also be able to receive credit for previous service, subject to certain conditions. Types of potentially creditable previous service include:

- **Non-Member** — service performed with a participating employer before your date of membership.
- **Prior** — service with a participating employer before the employer elected to participate in the Retirement System.
- **Withdrawn** — service from a previously withdrawn membership in the same or another New York public retirement system.
- **Transferred** — service from an active membership credited in another public retirement system in New York State.
- **Military** — service in the United States armed forces; the amount of credit available varies depending upon which section of the law applies.

In most cases, purchasing additional service credit will increase your retirement benefit; however, there are certain situations where it may not. See the *Projecting Your Benefits* section on page 16 for more information.

Verifying Your Service

To determine how much previous service credit you are eligible to receive, we must first verify your salary and service dates. We will request your monthly earnings and hourly rates of pay directly from your employer, then calculate the available credit and cost (if any) to purchase it.

In most instances, your employer will be able to supply us with this information. However, if records are unavailable, we will accept documents such as W-2 forms from your tax returns, or Social Security earnings records.

You can request “Non-Certified (Itemized) Detailed Earnings Information” directly from the Social Security Administration (SSA) by completing form SSA-7050-F4 available from your local SSA office, online at www.socialsecurity.gov/forms/ssa-7050.html or by calling 1-800-772-1213. (We cannot request the information for you.) There is a service charge for this information. Your Detailed (Itemized) Earnings Information records include the names of your employers and your quarterly earnings for each year requested.

We can usually get your pay rates from the State or the appropriate local civil service commission. You can be credited for service only for employment with an employer that participates in one of the retirement systems listed on page 10. Service with a nonparticipating employer or service performed while not on the payroll, such as independent contractor service, is not creditable.

Past Service Costs

Payments made to the Retirement System that enable you to receive credit for previous service cover what are known as past service costs.

Depending on the type of previous service and your tier, payment may include interest.

There are two kinds of costs:

- **Mandatory** — Usually incurred for service after your date of membership for which no (or insufficient) contributions were made (Tier 3, 4, 5 and 6 members, and Tier 2 members in a contributory plan). Mandatory contributions must be paid, or you may face a reduction in your retirement benefit.
- **Optional** — Usually incurred for service prior to your date of membership. It's your choice whether to pay such optional costs or not, but service can only be credited if payment is made, if applicable, and only when you have accrued two years of service credit as a member.

Leaves of Absence

Generally, if you are not being paid, you cannot receive service credit for leaves of absence.

When you work less than full-time, your service is credited on a prorated basis.

Some New York State employees, depending on their bargaining unit, are entitled to accrue credit for salary and service while receiving Workers' Compensation benefits. This benefit is limited to the first 12 months of leave for each injury.

If you are a Tier 3, 4 or 5 member, you must make 3 percent contributions to cover this time, calculated on the salary you were earning at the time you went on leave. If you are a Tier 6 member, you must make the appropriate contributions to cover this time, also calculated on the salary you were earning at the time you went on leave.

These contributions are mandatory and must be paid unless you are no longer required to contribute (i.e., if you are a Tier 3 or 4 member with ten years of membership or ten years of service credit). When you return to work, please contact us to determine the amount of mandatory contributions due for the period when you were on Workers' Compensation leave.

Non-Member Service

Provisions of the Retirement and Social Security Law regarding the crediting of non-member service were changed on October 31, 2000. “Continuous service” rules no longer apply, so most non-member public employment within New York State can be credited. There may be a cost involved (see chart on page 9), and you must first accumulate two years of member service before non-member service can be credited. If you were previously denied credit for non-member service prior to the change in law, please reapply.

Prior Service

Prior service refers to any period of time during which you received salary from an employer before the employer elected to participate in the Retirement System. For Tier 2 and 3 members, there is no cost for this service. Tier 4, 5 and 6 members must make contributions for prior service and accrue two years of member service before their prior service can be credited.

Optional Past Service Cost Calculations:

<u>Type of Service</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tiers 4 & 5</u>	<u>Tier 6</u>
Prior	Free	Free	3% of gross earnings plus interest to date of payment	6% of gross earnings plus interest to date of payment
Non-Member 4/1/60 to 6/30/76	Free for non-contributory plans*	3% of gross earnings	3% of gross earnings plus interest to date of payment	6% of gross earnings plus interest to date of payment
Non-Member 7/1/76 to 12/31/76	Free for non-contributory plans*	Free	3% of gross earnings plus interest to date of payment	6% of gross earnings plus interest to date of payment
Non-Member on or after 1/1/77	Free for non-contributory plans*	3% of gross earnings plus interest to date of payment	3% of gross earnings plus interest to date of payment	6% of gross earnings plus interest to date of payment

* For contributory plans, the cost equals the contribution rate times all earnings paid plus interest to date of payment.

Withdrawn Service

You are eligible for a change in your date of membership and perhaps a change in your tier if you withdrew your membership in one of the following public retirement systems in New York State prior to your current membership:

- New York State and Local Employees' Retirement System (ERS)
- New York State and Local Police and Fire Retirement System (PFRS)
- New York State Teachers' Retirement System
- New York City Employees' Retirement System
- New York City Teachers' Retirement System
- New York City Police Pension Fund
- New York City Fire Department Pension Fund
- New York City Board of Education Retirement System.

Members eligible to return to Tier 1 or 2 must file an Application to Reinstate a Former Tier 1 or 2 Membership (RS5506), available from your employer, our website or our Call Center.

For reinstatement to Tier 3, 4, 5 or an earlier date within your current Tier 3, 4, 5 or 6 membership, we will initiate the process by sending you information about your eligibility and giving you the opportunity to purchase credit for your withdrawn service, as long as your withdrawn membership was with New York State & Local ERS or PFRS. However, if your withdrawn membership was with another retirement system, please write to our Tier Reinstatement Unit.

It is important to note that an earlier tier of membership does not always result in a better benefit. Please review the benefits chart on page 2 of the Tier Reinstatement application carefully before making your decision, and contact us with any questions you may have.

Transferred Service

You may be eligible to transfer your membership in another New York State public retirement system to ERS or PFRS. To do so, file a request with the other system while you have an active membership in both systems. Transfers are not done automatically.

This transfer application is irrevocable. Once it is filed and received by the Retirement System, your transfer is effective. Under certain circumstances, it may not be beneficial to transfer your membership. If you have any questions concerning your transfer or if you are covered by a special plan, contact our Call Center at 1-866-805-0990 before completing the Application for Transfer of Membership (RS5534).

On completion of the transfer, your date of membership will become the transferred date of membership or your current date of membership in this System, whichever is earlier. In most instances, you will be credited with the transferred service. (Some service may not be creditable under special plans or if the transferred service gives you more than one year of service credit during a year.) In some cases, depending on your new date of membership, your tier will also change.

Military Service

The amount of military service for which you can receive credit varies, depending on the section of the law which allows the credit. Please write to our Arrears Unit and enclose a copy of your Certificate of Release or Discharge from Active Duty (DD-214). We will determine your eligibility to receive credit for this service and provide you with a statement of the cost, if applicable.

Additional information about military service credit, including eligibility and application requirements under the different statutes of law, is available on our website at www.osc.state.ny.us/retire/members/military-service-credit.php.

Requesting Previous Service Credit

To receive credit for previous service, send a written request (which must be received before your effective date of retirement) to our Member and Employer Services Bureau. Include as much information as you can about the period of employment for which you are seeking credit. We will determine your eligibility and any cost involved.

Requesting credit for your previous public employment as early in your career as possible can be advantageous:

- Records we need to verify your service will be more readily available.
- If there is a cost, it will be less expensive than if you wait to purchase credit at a later date.
- If your tier allows for a cessation of contributions after a defined period of time, you will stop paying contributions sooner.
- Your retirement benefit will be processed more quickly if your service credit is in order.

If you are requesting previous service credit to establish eligibility for a vested retirement benefit, you must request this credit while you are on the payroll of a participating employer. If you receive a statement of the cost after you leave the payroll, you must make payment within 30 days of notification.

Note: If your purchased service brings your total credited service to ten or more years, you will no longer be eligible to withdraw your contributions and end your membership.

Paying for Your Service Credit

Once we inform you of the cost to secure credit for your previous service, and you decide to go ahead with the purchase, you have a variety of ways you can make payment:

- Send us a single lump sum payment.
- Authorize payroll deductions.*
- Authorize a trustee-to-trustee transfer.
We can accept transfers only from certain types of plans. Details will be provided in our letter notifying you of the cost.

If you choose to make payments through payroll deductions, the length of time to purchase your previous service cannot exceed the total service credit you are purchasing. For example, if you are securing one year of credit, payment must be completed within one year.

Note: We do not accept payments from non-vested members who are off the payroll of a participating employer.

* If you owe mandatory contributions, this payment method is not available for the purchase of optional service credit.

Projecting Your Benefit

There are some situations where purchasing previous service credit may not benefit you. For example, your pension will not increase if:

- You are covered by a plan that provides for a fixed retirement benefit after 20 or 25 years of service and you are eligible to retire.
- You are a Tier 2 member employed by New York State, covered by the New Career Plan (Section 75-h of the Retirement and Social Security Law), and have 37½ or more years of service credit.
- You are approved for a disability retirement where service credit is not used in the calculation of the benefit.

If you are a Tier 2, 3 or 4 member, you can use the benefit projection calculator on our website at www.osc.state.ny.us/retire/members/projecting-your-pension.php to see how purchasing previous service will affect your retirement benefit. The calculator allows you to enter different service credit totals, retirement dates and final average salaries to give you an idea of how much your annual benefit will be, based entirely on the data you input. Tier 5 and 6 members can contact our Call Center to speak with a customer service representative for this information.

In addition, most Tier 2, 3 and 4 members, regardless of age, with five or more years of service credit are eligible to request a benefit projection. This projection is based on their salary and service reported to date. Actively employed members age 50 or older can also request a benefit calculation that projects additional service credit based on a date of retirement up to five years into the future. In most cases, these projections will be mailed to your home address the next business day. This benefit projection method is a great tool for vested members who are considering leaving the payroll before they are old enough to collect their retirement benefits, and for those members who will be eligible to retire within five years. To request a benefit projection, contact our Call Center.

Stay Informed

Your retirement benefits are an important part of a solid financial plan. They can help you and your beneficiaries achieve financial security in retirement or in the event of disability or death. Use these tips to help you stay informed about your benefits.

- Register for *Retirement Online*, a convenient and secure way to review your benefits and conduct transactions in real time. In many cases, you'll be able to use *Retirement Online* instead of mailing forms or calling NYSLRS. Members can view benefit information, update contact information, view and update beneficiaries and apply for a loan. Learn more at www.osc.state.ny.us/retire/retirement_online/customers.php.
- Review your Member Annual Statement carefully and notify us of any errors promptly.
- Visit our website to find forms (www.osc.state.ny.us/retire/forms/index.php), publications (www.osc.state.ny.us/retire/publications/index.php), and tips on preparing for retirement, including our 5-Step Plan for Retirement (www.osc.state.ny.us/retire/planning/index.php) and Retirement Planning Checklist (www.osc.state.ny.us/retire/preparing_for_retirement/index.php).
- Attend a pre-retirement presentation to learn about the retirement process and discuss post-retirement issues. At your employer's request, we offer these presentations designed for members within five years of retirement eligibility.

- Make an appointment to visit any of our consultation sites (www.osc.state.ny.us/retire/consultation_site_offices/index.php), where you can meet with an information representative to discuss special concerns or request specific information.
- Notify us if your mailing address changes. This is especially important if you leave public employment before you are eligible to retire. Use *Retirement Online* to update your address.
- Subscribe to our blog, *New York Retirement News* (www.nyretirementnews.com), where you'll find tools to help you understand your benefits, as well as important retirement news.
- Like us on Facebook (www.facebook.com/nyslrs) and follow us on Twitter (www.twitter.com/nyslrs) for quick tips and updates on a variety of retirement topics.
- Sign up for *E-News*, our email newsletter (www.osc.state.ny.us/retire/e-news/sign-up/index.php), for the latest NYSLRS news and information.
- Read your member newsletter for current retirement information and updates on your benefits.
- Contact us (www.contactNYSLRS.com) if you have questions about your benefits.

Contact Us

If you have any questions or you need more information, we're glad to help.

- **Email:** www.emailNYSLRS.com;
- **Call:** 1-866-805-0990, or 518-474-7736 in the Albany, New York area;
- **Fax:** 518-402-7799 or 518-486-6405; or
- **Write:** NYSLRS
110 State Street
Albany, NY 12244-0001.

This publication provides a general summary of membership benefits, rights and responsibilities, and is not a substitute for any New York State or federal law. For specific information about your benefits, please contact us.

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