

Purchasing Service Credit



Service Credit is one of four factors used to calculate the benefit you receive when you retire. Other factors that are used to calculate your benefit are your retirement plan, age at retirement and final compensation. The more years of service credit that you have, the higher your monthly retirement allowance will be. One way to increase your monthly retirement benefit prior to retirement is to purchase service credit.

TYPES OF SERVICE PURCHASES

Service credit may be purchased for unpaid sick leave, as well as certain types of County and non-County government service performed before the date you became eligible for SBCERA membership.

Previous County Service may include temporary County or district service, extra help service and part-time service that was less than 20 hours weekly. It may also include SBCERA-covered employment in the past where you withdrew your retirement contributions. You have no retirement service credit for that period of service unless you re-deposit your contributions, plus applicable interest for that withdrawn service credit.

Non-County government service, or prior public agency service (PPAS), may include employment with the U.S. military, U.S. federal government, State of California or other public agency within California. Purchasing PPAS will increase your total years of service credit, but it does not count toward meeting the minimum service credit requirement to become vested or to retire.

Additional Retirement Credit (ARC) is credit you may purchase to increase your service credit total. It is not based on actual employment. ARC does not count toward meeting the minimum eligibility requirements for service retirement or vesting. The minimum purchase is one year of ARC; the maximum purchase is a total of five years of ARC and unpaid sick leave.

STARTING A SERVICE PURCHASE

For ARC, PPAS and Re-deposit Service Purchase types you can generate a service purchase estimate online through Web Member Services (www.sbcera.org).

If you think you are eligible to purchase service credit, complete a Service Purchase Request Form and return it to SBCERA. The form can be accessed online or can be requested by calling (877) 722-3721 or (909) 885-7980.

After SBCERA verifies your service and calculates the cost to purchase it, we will send you an Election to Purchase Service Contract. Contract terms vary according to the type of service credit being purchased; some types must be purchased within five years and others may be purchased within ten years. Terms on purchases of temporary service or periods of absence without pay due to illness are limited to the number of months you are purchasing. The Election to Purchase Service Contract that you receive from SBCERA will indicate your options regarding the length of your contract.

PAYMENT OPTIONS

The payment options will appear on your Election to Purchase Service Contract. Payment options vary depending on the type of purchase being made. The Election to Purchase Service Contract will explain the payment options in detail. Most contracts can be paid on a before-tax or after-tax basis. Contracts paid with any type of before-tax dollars are irrevocable. Once you sign a contract to make before-tax payments, the payment options cannot be changed regardless of the reason. In other words, the contract cannot be changed even if you have a personal or financial hardship.

For more information about purchasing service credit, you are encouraged to contact SBCERA at (877) 722-3721 or (909) 885-7980.