

TYPES OF SERVICE CREDIT PURCHASES

Redeposit of Withdrawn SBCERA Contributions:

If you previously worked for an SBCERA-covered employer and withdrew your contributions upon termination of employment, you may restore these years of service by redepositing your contributions plus interest.

Past Ineligible Service: You can purchase all or part of the time you worked with an SBCERA-covered employer that was considered ineligible for SBCERA membership. This typically includes part-time, CETA, seasonal, student worker or temporary service.

Prior Public Agency Service (PPAS): You may purchase all or part of your prior service time with another public agency as long as you will not receive a pension or retirement benefit from that agency for the time. This includes service with the State of California, Federal government, the military and some other public agencies in California.

Authorized Leave: If you go on authorized leave such as medical or military leave, you may be eligible to purchase up to 12 consecutive months of service credit for the time you did not earn while on leave.

Additional Retirement Credit (ARC): Often called "air time," ARC is available for any active, vested SBCERA member. ARC time is the most expensive service credit purchase. To purchase ARC time, members must purchase a minimum of one year (1) of service credit, and can only buy up to five (5) years of service.

YOU CAN CHOOSE TO MAKE A PURCHASE AT ANY TIME IN YOUR CAREER.

However, all purchases include interest. Save money by making your purchase as soon as you are eligible to avoid additional interest costs in the future. Eligibility requirements vary based on service credit purchase type.

HOW TO PURCHASE SERVICE CREDIT:

- To begin the process or find out more about purchasing time, you can call us at (909) 885-7980, email us at servicecredit@sbcera.org including the type of service credit purchase you are interested in, or complete and mail us a Service Purchase Request Form, which can be found online at www.SBCERA.org.
- Await the arrival of important documentation including next steps. This will vary based on the selected service credit purchase type.
- For most purchases, you will need to initiate the service credit purchase to receive a cost estimate. However, you will not be obligated to complete the purchase until a contract has been signed.
- Upon receiving your contract, you will have **60 days** from the contract effective date to decide whether to purchase the time. The contract will include more detailed information about the cost, payment options and terms of the agreement.
- Throughout the process, contact SBCERA at anytime to address any questions or concerns you may have regarding your service credit purchase or contract.
- All requests are handled on a first-come, first-served basis. Please allow up to 90 days to complete the process.



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ENHANCING YOUR RETIREMENT

SERVICE CREDIT PURCHASES



THE FOUNDATION FOR A
SECURE RETIREMENT

WHAT IS SERVICE CREDIT?

It is credit you earn for working for an SBCERA-covered employer. It is one of four factors used to calculate your monthly lifetime retirement benefit amount. One (1) year of service credit is equivalent to 2,087 hours.

WHY PURCHASE MORE?

The number of years of service credit you earn is used to determine when you are vested (5 years), eligible to retire (10 years), stop paying contributions to SBCERA (30 years) and the amount of your monthly lifetime benefit. Not all types of service credit purchases can be used toward all of these qualifications. Typically, the more service credit you have, the higher your monthly benefit will be.

WHO CAN PURCHASE SERVICE CREDIT?

Active and deferred SBCERA members can choose to purchase several different types of service credit. The eligibility requirements and payment options may vary based on the type of purchase. Deferred members will be required to pay for purchases with a lump sum, after-tax payment. Service credit purchases must be made prior to retirement, and all balances must be paid off within 120 days after your effective retirement date.

PURCHASING SERVICE CREDIT MAY NOT BE BENEFICIAL FOR EVERYONE.

SBCERA encourages you to review benefit estimates with and without a service credit purchase to determine whether making a purchase is right for you. Additional years of service may or may not increase your monthly retirement allowance.

WHAT IS THE COST?

The cost for each type of service credit purchase varies on an individual basis. All purchases include applicable contributions plus interest. Different factors may also apply.

The number of years of service credit you can purchase will be calculated based on 2,087 hours equaling one (1) year of service credit.

All funds paid for a service credit purchase will be credited to your SBCERA retirement account as refundable contributions.

Try SBCERA's online Service Purchase Estimator to find out approximately how much it might cost you to purchase some types of service credit.

WHAT ARE THE PAYMENT OPTIONS?

When purchasing service credit you may choose from any of the payment options below. However, purchases for ARC or Authorized Leave time can only be paid for using one of the pre-tax payment options. Additional details about these payment options will be sent to you with your service credit purchase contract.

Pre-Tax Direct Transfer from Qualifying Deferred Compensation Plan: You may be eligible to rollover funds from an employer-sponsored defined contribution retirement savings account, such as a 457 (b) or 401 (k) plan, to pay for all or a portion of your purchase. No fees, penalties or taxes apply.

Payment Plan (Pre-Tax or After-Tax Payroll Deductions): You may select to make payments through pre-tax or after-tax payroll deductions. If you choose to pay with pre-tax deductions, your contract will be irrevocable. The number of payroll deductions is dependent on the type of service credit purchase.

After-Tax Lump Sum Payment: You may pay all or a portion of your service credit purchase using after-tax dollars, such as a check or money order. This option is not available for ARC and Authorized Leave service credit purchases.

Partial Lump Sum and Payment Plan: You may choose to do a combination of the payment options listed above. For example, you may choose to do a direct transfer from your 457(b) account to cover a portion of the cost and make payments using pre-tax payroll deductions for the remaining balance.

YOUR SERVICE CREDIT PURCHASE GUIDE

Each type of service credit purchase has different opportunities and limitations. Use the chart below to assist you in determining the differences between each

type of purchase, what they can be used for, and what you are eligible to purchase.

Types of Service Credit Purchase	Options Based on Membership Status			Limits		Allowable Uses of Purchased Time				Cost
	Active (Vested)	Active (Non-Vested)	Deferred	Min/Max You Can Purchase	Payroll Deductions	Vesting	Retirement Eligibility	30-Yr. Contribution Requirement	Enhanced Retirement Benefit Amount	\$--Low \$\$--Moderate \$\$\$--High
Redeposit of Withdrawn SBCERA Contributions	✓	✓	✓	N/A	Based on Purchase	✓	✓	✓	✓	\$
Past Ineligible Service Part-Time, Hourly, Seasonal, Temporary Time	✓	✓	✓	N/A	Based on Purchase	✓	✓	✓	✓	\$
Authorized Leave Medical leave, Worker's Comp, Military Leave, etc.	✓	✓		Max. 12 consecutive months per leave	Based on Purchase	✓	✓	✓	✓	\$
Prior Public Agency Service (PPAS) Public Agency, Military, or State/Federal Service	✓	✓	✓	N/A	Up to 5 yrs 130 Payments				✓	\$\$
Additional Retirement Credit (ARC) Available to Active Vested Members	✓			Min. 1 yr Max. 5 yrs	Up to 10 yrs 260 Payments				✓	\$\$\$

