



A Guide to Your CaIPERS

Service Credit Purchase Options

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INTRODUCTION

You may be eligible to increase your CalPERS service credit through a service credit purchase, which may help secure your financial future. This publication describes various types of service credit you may be eligible to purchase, and helps you determine whether the increase in your future retirement benefits is worth the cost. After reading this publication, you will know whether you may be eligible for a particular service credit type and what process you need to follow to request cost information and elect the purchase. We will determine your actual eligibility once we receive your request.

You must be a CalPERS member to purchase service credit. There are many conditions that must be met in order to become a CalPERS member. If you are not sure you are a member, please contact your employer for more information.

Service credit is an important component in determining your future retirement benefit. Your retirement benefit is based on your:

- Years of service credit
- Age at retirement
- Retirement benefit formula
- Final compensation (your highest salary averaged over one or three consecutive years, depending on your employer's contract)

Service credit accumulates on a fiscal year basis (July 1 through June 30). You may only earn 1.000 year of total service credit per fiscal year. To earn a full year of service credit during a fiscal year, you must work at least:

- Hourly pay employees – 1,720 hours
- Daily pay employees – 215 days (working full time)
- Monthly pay employees – 10 months (working full time)

TERMS AND DEFINITIONS

Active CalPERS Members

You are currently employed with a CalPERS-covered employer. This applies to state employees, classified school employees, and employees of cities, counties, and public agencies that contract with CalPERS.

Inactive CalPERS Members

You are no longer working for (or are on a leave of absence from) a CalPERS-covered employer, but you have contributions and/or service credit on account with CalPERS.

Retired CalPERS Members

You are retired from CalPERS.

Optional Members

The following are considered optional members:

- A state employee who was appointed by the Governor, Lieutenant Governor, Attorney General, Controller, Secretary of State, Treasurer, or Superintendent of Public Instruction and is exempt from civil service.
- An employee of the California State Senate or Assembly whose wages are paid from funds controlled by either body.
- Some officials elected or appointed to a fixed term of office with a city or county. (This may include city attorneys and elected/appointed officials of schools and contracting agencies; eligibility is determined by the dates of your term of office.)

Public agencies consist of:

- City, county, or district
- School districts with public agency contracts (school districts with safety employees)
- Los Angeles County Office of Education
- San Diego County Office of Education

State and schools consist of:

- State of California
- California State University (CSU)
- School districts and county schools

PURCHASING SERVICE CREDIT

CalPERS offers several types of service credit. The cost for purchasing service credit is determined using methods established by California law. These methods can differ depending on your type of membership (state, school, or public agency) and the service credit you are requesting. Also, the cost to purchase service credit will increase the longer you wait to request cost information.

The information in this publication has been organized by cost method to ensure our members understand the cost method used to calculate their service credit purchase. The methods used to calculate service credit include the present value method, the pay and contribution rate method, the redeposit method, and the tier conversion method. The different cost methods will be explained in detail at the end of each cost method section. Use the following table to determine which type of service credit purchase you would like to learn more about.

Present Value Method Types	Refer to
Alternate Retirement Program (ARP)	Page 7
Comprehensive Employment and Training Act (CETA)	Page 8
Fellowship	Page 8
Leave of Absence*	Page 9
Military*	Refer to <i>Military Service Credit Options</i> (PUB 15)
Peace Corps, AmeriCorps VISTA, or AmeriCorps	Page 11

Pay and Contribution Rate Method Types	Refer to
Base Realignment and Closure (BRAC) Firefighter	Page 13
Layoff	Page 14
Military Leave of Absence	Refer to <i>Military Service Credit Options</i> (PUB 15)
National Guard	Refer to <i>National Guard Benefits</i> (PUB 11)
Optional Member Service	Page 14
Prior Service	Page 15
Service Prior to Membership (SPM)*	Page 15
Temporary Disability Leave of Absence (TDA)	Page 16

* These are the most commonly requested types of service credit.

Redeposit Method Types	Refer to
Community Property Redeposit	Page 18
Local System Redeposit	Page 18
Reciprocal Redeposit	Page 19
Redeposit of Withdrawn Contributions*	Page 20

Other	Refer to
Tier Conversion*	Page 21

* These are the most commonly requested types of service credit.

PRESENT VALUE COST METHOD TYPES

The following types of service credit purchase are calculated using the present value cost method:

- Alternate Retirement Program (ARP)
- Comprehensive Employment and Training Act (CETA)
- Fellowship
- Leave of Absence
- Peace Corps, AmeriCorps VISTA, or AmeriCorps
- Military – Refer to *Military Service Credit Options* (PUB 15)

You are not eligible to request these service credit types if any of the following apply:

- You are retired.
- The service you are requesting has been credited in any other public retirement system.
- The service you are requesting cannot be verified. (Based on the service credit type and your employer category, the service must be certified by your employer, CalPERS, or a third-party entity.)
- You do not meet the eligibility criteria as explained in each section below.

Alternate Retirement Program (ARP)

If you were a new, first-time state miscellaneous or industrial employee hired with the State of California from August 11, 2004, through June 30, 2013, you were automatically enrolled in ARP (administered by the California Department of Human Resources's Savings Plus Program) for your first two years of employment. You did not receive CalPERS service credit for these first two years.

If you did not elect to transfer your ARP time to CalPERS during your three-month election period, you may be eligible to elect this service credit. If eligible, you must purchase all of your ARP service credit.

You may be eligible to purchase ARP service credit if...

- You did not transfer your ARP service credit during your three-month ARP election period, or
- You separated from employment prior to your three-month ARP election period and received a distribution of your ARP contributions from the California Department of Human Resources.

Comprehensive Employment and Training Act (CETA)

CETA service worked with a CalPERS-covered employer may be creditable by purchase after you become a CalPERS member. If eligible, you must purchase all available CETA service credit. There is no limit to the amount of CETA service credit you can purchase.

You may be eligible to purchase CETA service credit if...

- You worked under CETA for a federal- or state-sponsored program from 1973 to 1982, such as the Public Employee Program, Public Service Employment, Disabled Veterans Outreach Program, Public Service Employment Program, or Cal Esteem.

You cannot purchase CETA service credit if...

- The employer where the service was earned does not currently have a retirement contract with CalPERS, or
- Your service is excluded by California law or by your employer's retirement contract with CalPERS.

Fellowship

Fellowship service is time worked for the Assembly, Senate, Executive, or Judicial Administration Fellowship program. If eligible, you must purchase all available Fellowship service credit. There is no limit to the amount of Fellowship service credit you can purchase.

You may be eligible to purchase Fellowship service credit if...

- You worked for the Assembly, Senate, Executive, or Judicial Administration Fellowship program.

You cannot purchase Fellowship service credit if...

- You worked for a contracting agency that does not provide the Fellowship service credit type option, or
- The employer where the service was earned does not currently have a retirement contract with CalPERS, or
- Your service is excluded by California law or by your employer's retirement contract with CalPERS.

CETA and Fellowship service may need to be certified by an authorized employer representative. Review the request form for specific requirements and refer to the "Employer Certification" section on page 16.

Leave of Absence

A leave of absence is time during which your employer authorized you to be absent from your normal work hours. By California law, some leave of absence types are not eligible for CalPERS service credit, even if your employer has approved the leave. You must have been a member of CalPERS at the time of your leave of absence in order to purchase service credit for that leave period.

Leave of Absence Type	Definition
Maternity/Paternity Leave of Absence	Time off for the birth or adoption of a child. You can purchase up to one year of service credit per leave of absence period.
Educational Leave of Absence	Time off to pursue higher education. You can purchase a maximum of two years of service credit for all educational leaves combined.
Service Leave of Absence	Time off to serve with a college or university; a local, state, federal, or foreign government agency; or certain nonprofit organizations. You can purchase a maximum of two years of service credit for each service leave of absence.
Sabbatical Leave of Absence	A partially compensated leave of absence from CalPERS-covered employment. There is no limit to the amount of service credit you can purchase.
Serious Illness Leave of Absence	Employer-approved leave of absence due to an employee's own serious illness or injury. There is no limit to the amount of service credit you can purchase.

- **Maternity/Paternity**

You may be eligible to purchase Maternity/Paternity Leave of Absence service credit if...

- You returned to CalPERS-covered employment at the end of your approved leave of absence period, and
- After you returned to employment from your leave of absence, you remained in CalPERS-covered employment for at least the same amount of time you were on your leave of absence.

- **Educational**

You may be eligible to purchase Educational Leave of Absence service credit if...

- You were employed with the State of California or the California State University at the time you took your leave of absence.

- **Service**

You may be eligible to purchase Service Leave of Absence service credit if...

- You returned to employment with the same employer that approved the service leave of absence, and
- You are able to verify the leave was taken for the purpose of service with a qualifying non-profit agency, university, or local, state, or federal agency.

- **Sabbatical**

You may be eligible to purchase Sabbatical Leave of Absence service credit if...

- You were partially compensated during your leave of absence, and
- You returned to CalPERS-covered employment at the end of your leave of absence.

- **Serious Illness**

You may be eligible to purchase Serious Illness Leave of Absence service credit if...

- Your employer certifies that you were approved for a leave because of your own serious illness or injury, and
- You returned to active employment with a CalPERS-covered employer at the end of your leave of absence.

You cannot purchase any leave of absence service credit if...

- The leave was not approved by your employer, and/or
- Your leave of absence cannot be certified, and/or
- You have not returned from the leave of absence you are requesting service credit for.

Peace Corps, AmeriCorps VISTA, or AmeriCorps

You may be eligible to request service credit for up to three years of service in the Peace Corps, AmeriCorps VISTA (Volunteers in Service to America), or AmeriCorps. If eligible, you must purchase all available service credit.

You may be eligible to purchase Peace Corps, AmeriCorps VISTA, or AmeriCorps service credit if...

- You are able to provide documentation certifying your dates of service.

You cannot purchase Peace Corps, AmeriCorps VISTA, or AmeriCorps service credit if...

- You do not have verification of your dates of service, and/or
- Your public agency employer does not include this option in their CalPERS contract.

How Is the Present Value Cost Calculated?

CalPERS calculates the cost to purchase ARP, CETA, Fellowship (see next page), Leave of Absence, Peace Corps, AmeriCorps VISTA, and AmeriCorps service credit using the “present value” cost method. The present value cost method is used to determine the increase to your future retirement benefits. This method is based on your highest monthly full-time pay rate and an average of any of your special compensation (uniform allowance, holiday pay, longevity pay, etc.) your employer reports to CalPERS. Determining the increase to your future benefits also involves a number of actuarial assumptions, including projected age at retirement, life expectancy, salary inflation, and the assumed rate of return on investments. These assumptions are the same assumptions we use to ensure that all our benefits are adequately funded. Actuarial assumptions are made by our chief actuary and approved by the CalPERS Board of Administration.

If you establish reciprocity with another retirement system, your highest monthly full-time pay rate with that reciprocal system can be used in the present value cost.

The present value cost method can be very expensive, and your election to purchase service credit is irrevocable. The earlier in your career that you elect to purchase service credit, the less expensive the cost will be. Once we process your election to purchase service credit, any future changes to the assumptions or to your employment will not affect the cost of your service credit purchase.

For more information about reciprocity, see ***When You Change Retirement Systems*** (PUB 16).

Based on when you submit your service credit request, the cost may fluctuate because updates to the actuarial tables used in this process occur as needed. Updates to the actuarial tables may occur due to existing benefit changes, new benefits mandated by California law, or changes in assumptions to reflect our current best estimate of future outcomes based on the most recent experience study. Actuarial assumptions are updated periodically.

Fellowship

The cost of purchasing your Fellowship service credit depends on the dates of your service and the program in which you participated. The following exclusions apply:

- Participants in the Assembly, Senate, and Executive Fellowship Programs have been excluded from CalPERS membership since October 14, 1991.
- Participants in the Judicial Administration Fellowship Program have been excluded from CalPERS membership since January 1, 2003.

If you rendered your Fellowship service before the applicable exclusion, we will use the pay and contribution rate cost method (refer to page 17).

If you rendered your Fellowship service after the applicable exclusions, we will use the present value cost method (see page 11).

PAY AND CONTRIBUTION RATE COST METHOD TYPES

The following types of service credit purchase are calculated using the pay and contribution rate cost method:

- Base Realignment and Closure (BRAC) Firefighter
- Layoff
- Optional Member Service
- Prior Service
- Service Prior to Membership (SPM)
- Temporary Disability Leave of Absence (TDA)

You are not eligible to request these service credit types if any of the following apply:

- You are retired.
- The service you are requesting has been credited in any other public retirement system.
- The service you are requesting cannot be certified. (Based on the service credit type and your employer category, the service must be certified by your employer, CalPERS, or a third-party entity.)
- You do not meet the eligibility criteria as explained in each section below.

Base Realignment and Closure (BRAC) Firefighter

Base Realignment and Closure (BRAC) Firefighter service credit pertains to permanent career civilian federal firefighters or permanent career state firefighters who had their services terminated at a California federal military installation. You must be able to provide CalPERS with documentation certifying your dates worked at a California federal military installation that was closed due to BRAC. If eligible, you must purchase all available BRAC service credit. There is no limit to the amount of BRAC service credit you can purchase.

You may be eligible to purchase BRAC service credit if...

- You were a permanent career civilian federal firefighter or permanent career state firefighter in a position whose principal duties consisted of active fire suppression or law enforcement, and
- Your service was terminated as a direct consequence of the closure, downsizing, or realignment of a California federal military institution, and
- You are currently an active firefighter with a CalPERS-covered public agency.

You cannot purchase BRAC service credit if...

- You work for a CalPERS-covered employer that does not provide the BRAC service credit type option, or
- Your service was not terminated due to BRAC, or
- You are vested in the Federal Employees Retirement System (FERS) or the Civil Service Retirement System (CSRS), or
- Your BRAC service was prior to your current public agency's contract date with CalPERS.

Layoff

Layoff service credit is for time spent away from work because of a formal layoff action. You can purchase a maximum of one year for each layoff period.

You may be eligible to purchase Layoff service credit if...

- You were laid off from a CalPERS-covered employer that has contracted to provide this option, and
- You were a full-time employee prior to being laid off, and
- The layoff period is on or after January 1, 1981, and
- You returned to full-time, CalPERS-covered employment with the layoff employer within 12 months of being laid off, and
- You are currently active with the layoff employer, and
- You redeposit any contributions you withdrew during the layoff, plus interest.

You must elect to purchase this service within three years of returning to work or within three years of the effective date your employer adds this option to their contract.

You cannot purchase Layoff service credit if...

- You were employed with the State of California, the California State University, or a county school or school district at the time of your layoff, or
- Your public agency employer did not contract for this option.

Optional Member Service

Optional Member service credit is for time spent working in certain exempt, appointed, or elected positions that allow employees the option of joining CalPERS. There is no limit to the amount of Optional Member service credit you can purchase.

You may be eligible to purchase Optional Member service credit if...

- You are an optional member on the date CalPERS receives your request for cost information.

You cannot purchase Optional Member service credit if...

- The employer where the service was earned does not currently have a retirement contract with CalPERS, or
- Your service is excluded by California law or by your employer's retirement contract with CalPERS.

If you are not an optional member on the date your request is received, you may still be eligible to purchase your Optional Member service as Service Prior to Membership. Submit your request form to CalPERS for review.

Prior Service

Prior Service is time worked for an employer before they contracted with CalPERS. A contracting agency may provide this service or a percentage of this service at no member cost. There is no limit to the amount of service credit that can be credited or purchased.

You may be eligible to purchase Prior Service if...

- You worked for a CalPERS-covered employer that has contracted to provide this option.

Limitations or restrictions vary by agency (i.e., some agencies can require you be employed on the effective date of the contract). Check with your personnel office.

You cannot purchase Prior Service if...

- Your agency did not contract for this option.

Service Prior to Membership (SPM)

Employment with a CalPERS-covered employer before becoming a CalPERS member may be creditable by purchase after you become a CalPERS member. Service Prior to Membership (SPM) credit may be available for employment that did not qualify for membership, usually because of a limited time base or term of employment. If eligible, you must purchase all available SPM service credit. There is no limit to the amount of SPM service credit you can purchase.

You may be eligible to purchase SPM service credit if...

- You worked for a CalPERS-covered employer as a seasonal, temporary, part-time, or intermittent employee, but were not a CalPERS member.
- You are able to provide CalPERS with documentation from your employer certifying your dates of service, hours worked, and earnings information.

You cannot purchase SPM service credit if...

- The employer where the service was earned does not currently have a contract with CalPERS, or
- Your service is excluded by California law or by the employer's contract with CalPERS, or
- You worked at a school in a **certificated** position (contact the California State Teachers' Retirement System to find out if you can purchase service with that system), or
- You worked at the University of California after October 1, 1963 (contact the University of California Retirement System to find out if you can purchase service with that system).

Purchase service credit early in your career to ensure your employer has your payroll records available. Many employers purge their records after seven years. The cost to purchase service credit will also be lower the earlier you make an election.

The Los Angeles County Office of Education and the San Diego County Office of Education are public agencies.

Employer Certification

Layoff, Optional Member Service, Prior Service, and Service Prior to Membership requests may need to be certified by an authorized payroll, personnel, or human resources employer representative. If your employer is unable to complete any required certification, you may be able to submit additional documents to your employer for review. While we will not accept W-2s or Social Security statements in lieu of completion of the employer certification section, employers may use these documents as tools for completing any employer certification requirements of the applicable request form.

Temporary Disability Leave of Absence (TDA)

A Temporary Disability Leave of Absence (TDA) is time off while receiving temporary disability payments because of a job-related injury or illness. If eligible, you must purchase all available TDA service credit per leave of absence period. There is no limit to the amount of service credit you can purchase.

You may be eligible to purchase TDA service credit if...

- You received workers' compensation payments due to a job-related injury or illness, and
- You returned to CalPERS-covered employment or immediately retired after your leave of absence.

If you plan to retire after your Temporary Disability Leave of Absence, CalPERS must receive your election to purchase this service credit in advance of your retirement date. To ensure you have enough time to elect, contact CalPERS if you are on a Temporary Disability Leave of Absence and are planning to retire.

You cannot purchase Temporary Disability service credit if...

- You received State Disability Insurance (SDI), Non-Industrial Disability Insurance (NDI), or Industrial Disability Leave (IDL) insurance during your leave of absence period, or
- You did not receive workers' compensation payments due to a job-related injury or illness, or
- The workers' compensation carrier cannot certify the dates of your leave of absence period, or
- You are currently on the leave you request to purchase service credit for.

How Is the Pay and Contribution Rate Cost Calculated?

The cost to purchase Service Prior to Membership, Temporary Disability Leave of Absence, Layoff, and Optional Member service is based on your pay rate and contribution rate on a specified date. For TDA and Layoff, the specified date is the date you return to work.* For all others, the specified date is the day you became a CalPERS member (after you rendered the service). Interest will be calculated through the date provided on the election document.

Prior Service

This benefit depends on the specific terms of your employer's contract with CalPERS. Depending on the contract, you could be:

- Credited at no member cost with all the service credit you would have earned.
- Credited at no member cost with some of the service credit you would have earned and given the option to purchase the rest.
- Given the option to purchase the service credit you would have earned.

If you are given the option to purchase the service credit, the cost is calculated as described above, based on the specified date of when you became a member.

* If you retire while you are on Temporary Disability Leave of Absence, the specified date is the day prior to your leave of absence start date.

REDEPOSIT COST METHOD TYPES

The following types of service credit purchase are calculated using the redeposit cost method:

- Community Property Redeposit
- Local System Redeposit
- Reciprocal Redeposit
- Redeposit of Withdrawn Contributions

If you withdrew contributions for one or more membership periods in **one withdrawal**, you must redeposit in one redeposit election. If you made **separate withdrawals** of your contributions for one or more membership periods, you can redeposit in one redeposit election or in separate redeposit elections. If you choose to make separate redeposit elections, you must begin with the most recent withdrawal and end with the oldest.

You are not eligible to request these service credit types if any of the following apply:

- You are not currently an active or inactive CalPERS member or a member of a reciprocal retirement system (for Reciprocal Redeposit only).
- You are retired.
- The service you are requesting has been credited in any other public retirement system.
- You do not meet the eligibility criteria as explained in each section below.

Community Property Redeposit

You may be eligible to redeposit your withdrawn contributions if...

- Your former spouse or former registered domestic partner was awarded a portion of your account as part of a community property judgment or settlement, and
- Your former spouse or former registered domestic partner has received a refund of the awarded contributions.

Local System Redeposit

A Local System Redeposit is the repayment of service rendered at an employer under a local retirement system prior to the agency contracting with CalPERS.

You may be eligible to redeposit your local system withdrawn contributions if...

- You are a former member of a local retirement system who withdrew contributions prior to the effective date of that agency's contract date with CalPERS, or
- You are a former member of a local retirement system before the date a contract exclusion was removed from the CalPERS contract.

Reciprocal Redeposit

You may be eligible to redeposit your withdrawn contributions if...

- You are a member of a reciprocal or non-reciprocal California public retirement system's defined benefit plan (see list of reciprocal systems below).

If you are a member of a reciprocal retirement system, you must make the election to redeposit withdrawn contributions prior to your retirement date with both systems.

Members of the following California public retirement systems' defined benefit plans may be eligible to redeposit funds they withdrew from CalPERS:

Non-Reciprocal Retirement Systems

- California State Teachers' Retirement System
- Judges' Retirement System
- Judges' Retirement System II
- Legislators' Retirement System
- University of California Retirement System

Reciprocal Public Agency Retirement Systems

- City of Concord
- Contra Costa Water District
- City of Costa Mesa (safety only)
- East Bay Municipal Utility District
- East Bay Regional Park District (safety only)
- City of Fresno
- City of Los Angeles
- Los Angeles County Metropolitan Transportation Authority (Non-Contract Employees' Retirement Income Plan)
- City of Oakland (non-safety only)
- City of Pasadena Fire and Police Retirement System
- City of Sacramento
- City of San Clemente (non-safety only)
- City of San Diego
- City and County of San Francisco
- City of San Jose
- San Luis Obispo County

Reciprocal 1937 Act County Retirement Systems

- Alameda
- Contra Costa
- Fresno
- Imperial
- Kern
- Los Angeles
- Marin
- Mendocino
- Merced
- Orange
- Sacramento
- San Bernardino
- San Diego
- San Joaquin
- San Mateo
- Santa Barbara
- Sonoma
- Stanislaus
- Tulare
- Ventura

For information about reciprocity, see *When You Change Retirement Systems* (PUB 16).

Redeposit of Withdrawn Contributions

If you were previously a CalPERS member, left your CalPERS-covered employment, and took a refund of your contributions and interest, you may be eligible to redeposit these funds and restore those years of service credit.

You may be eligible to redeposit your withdrawn contributions if...

- You previously took a refund of your contributions and interest and are currently a CalPERS member.

You cannot redeposit withdrawn contributions if...

- Your service was with **another** public retirement system, not CalPERS (contact that system to find out whether you can purchase service credit with them), or
- The agency you previously worked for does not **currently** contract with CalPERS.

How Is the Redeposit Cost Calculated?

CalPERS calculates the amount of the refund plus interest through the date provided on the election document.

STATE SECOND TIER TO FIRST TIER CONVERSION

Current members who have past state Second Tier service may be eligible to convert their Second Tier service credit to a First Tier retirement formula. When you convert past Second Tier service, any Second Tier member contributions paid since July 2013 will be factored into the conversion cost.

State Miscellaneous and Industrial Retirement Formulas

The following table lists the state Second Tier retirement formulas with their corresponding state First Tier retirement formulas. To determine which formulas apply to you, consult your personnel office. Formulas are dependent on your date of hire or your CalPERS membership date.

State Second Tier Retirement Formula	Corresponding State First Tier Retirement Formula
1.25% at 65	2% at 55
1.25% at 65	2% at 60
1.25% at 67	2% at 62

You may be eligible to convert past Second Tier service if you meet all the following conditions:

- You are not retired, and
- You were an active state member on or after January 1, 2000, and
- You have state Second Tier service credit with CalPERS.

Two-Step Process for Tier Conversion

If you are currently an active member in the Second Tier retirement formula, this conversion entails a two-step process as explained on the next page.

If you meet any of the following criteria, skip to Step 2:

- You are an active member in the First Tier retirement formula and have past Second Tier service, or
- You are an inactive member **and** have past Second Tier service, or
- You are an active Second Tier member **and** have submitted a retirement application.

For more information on tier conversion, visit the **State Second Tier** section of our website at www.calpers.ca.gov.

If you are an active member and choose to convert your Second Tier service, the cost must be paid in addition to any normal First Tier member contributions you have deducted from your regular earnings.

Step 1

Elect First Tier for Future Service

Active Second Tier members requesting to convert their past service to the First Tier must first make an irrevocable election to enroll in the First Tier retirement formula for the remainder of their state employment. You can do this by downloading the *First Tier Future Election Package* from the State Second Tier section of the CalPERS website at www.calpers.ca.gov and completing and submitting the *First Tier Future Election Document* (and the *Justification for Absence of Spouse's or Registered Domestic Partner's Signature* form if applicable).

When you complete this election, you are authorizing CalPERS to change your CalPERS retirement formula from the state Second Tier to the state First Tier retirement formula on a prospective basis. Once your current CalPERS retirement formula has been changed to the state First Tier, you will begin having First Tier retirement contributions withheld from your paycheck.

Step 2

Convert Past Second Tier Service

Active members in a First Tier retirement formula and inactive members can request to convert their past Second Tier service to the First Tier retirement formula by submitting the *Tier Conversion Cost Information Request* form available from www.calpers.ca.gov. Upon receipt of your *Tier Conversion Cost Information Request* form, we will provide you with an election packet, including the election forms.

How Is Tier Conversion Cost Determined?

The cost for converting state Second Tier service credit is based on a number of factors, including the retirement contributions you would have paid (plus interest) as a state First Tier member, offset by any Second Tier contributions paid since July 2013, and if applicable:

- Previously refunded First Tier member contributions (plus interest) that have not been redeposited.
- Past service credit purchases credited under a state Second Tier retirement formula recalculated as First Tier (plus interest).

To compare the differences between First and Second Tier retirement formulas, refer to *State Miscellaneous & Industrial Benefits* (PUB 6). We also encourage you to use the Retirement Estimate Calculator on our website to generate the following retirement estimate scenarios:

- Keeping all your service credit under the Second Tier retirement formula.
- Having your future service credited under the First Tier retirement formula with your past service credit remaining under the Second Tier retirement formula.
- Having all your service credit under the First Tier retirement formula.

For more information about state Second Tier, see our ***Second Tier Benefit Election Package*** (PUB 52).

HOW TO REQUEST COST INFORMATION

The documents you need to request service credit cost information are available only on the CalPERS website. Refer to the list below for the name of the request form for your service credit type and go to **Forms & Publications** at www.calpers.ca.gov to find the form.

Service Credit Type	Request Form
Alternate Retirement Program (ARP)	<i>Request for Service Credit Cost Information—Alternate Retirement Program Service</i>
Base Realignment and Closure (BRAC) Firefighter	<i>Request for Service Credit Cost Information—Base Realignment and Closure (BRAC) Firefighter</i>
Comprehensive Employment and Training Act (CETA)	<i>Request for Service Credit Cost Information—Comprehensive Employment & Training Act (CETA) or Fellowship</i>
Fellowship	<i>Request for Service Credit Cost Information—Comprehensive Employment & Training Act (CETA) or Fellowship</i>
Layoff	<i>Request for Service Credit Cost Information—Layoff, Prior Service, and Optional Member Service</i>
Leave of Absence	<i>Request for Service Credit Cost Information—Leave of Absence</i>
Optional Member Service	<i>Request for Service Credit Cost Information—Layoff, Prior Service, and Optional Member Service</i>
Peace Corps, AmeriCorps VISTA, or AmeriCorps	<i>Request for Service Credit Cost Information—Peace Corps, AmeriCorps VISTA, or AmeriCorps</i>
Prior Service	<i>Request for Service Credit Cost Information—Layoff, Prior Service, and Optional Member Service</i>
Redeposit	<i>Request for Service Credit Cost Information—Redeposit of Withdrawn Contributions</i>
Service Prior to Membership (SPM)	<i>Request for Service Credit Cost Information—Service Prior to Membership</i>

Service Credit Type	Request Form
Temporary Disability Leave of Absence (TDA)	<i>Request for Service Credit Cost Information—Leave of Absence</i>
Tier Conversion for First Tier Future Service	<i>First Tier Future Election Package</i>
Tier Conversion for Past Second Tier Service	<i>Tier Conversion Cost Information Request</i>

Once you have located and printed the applicable request form, complete the steps below.

Step 1

Complete all the sections required on the request form. Each form has specific instructions for that service credit type, which may vary based on your employer category.

Step 2 (if applicable)

Depending on the type of service credit you are requesting, you may need to submit your completed request form to the necessary authorized employer or workers' compensation carrier representative for certification. If your request form requires certification, the certification must meet the requirements as specified on your form. We cannot process any request form that is not properly certified, and the request will be closed as incomplete.

If you are requesting service for Peace Corps, AmeriCorps VISTA, or AmeriCorps, you will need to submit documentation of your service. Visit www.peacecorps.gov or www.nationalservice.gov/programs/americorps to request a certification letter.

Step 3

Make a copy of all your documents for your records and mail your request to CalPERS using the address shown on the form. Be sure to include all the required documents with your request, or we will close your request and notify you by mail that your request is incomplete.

We must receive all elections for service credit prior to your CalPERS retirement date. Please submit your request well in advance of when you plan to retire. If your request is incomplete and you have retired, you will not be eligible to submit a new request.

PURCHASING SERVICE CREDIT

Since service credit purchases can be costly, you can use the Service Credit Cost Estimator on our website at www.calpers.ca.gov/servicecreditestimator to get an idea of the cost of the following service credit purchases:

- Alternate Retirement Program
- Redeposit of Withdrawn Contributions
- Service Prior to Membership
- Leave of Absence
- Military
- Peace Corps, AmeriCorps VISTA, or AmeriCorps

Requesting a Service Credit Purchase

You should purchase service credit early in your career to ensure you have the lowest cost available. Interest will be calculated through the date you elect to purchase the service credit. This means that the longer you wait to elect, the more time has elapsed for the accrual of interest, and the lump sum will continue to increase throughout your career. When you elect to purchase, your lump sum will not increase due to interest on the calculation.

All elected service credit purchases must be paid in full by retirement, so we recommend you submit your service credit request as early in your career as possible. This will ensure you have time to pay the lump-sum balance in full by your planned retirement date. Paying in full will ensure you receive the full benefit of the purchase, and that your retirement benefit will not be reduced by the actuarial equivalent of the balance.

Your Service Credit Purchase Decision

Only you can decide whether the potential increase to your future benefits is worth the cost of your purchase. We recommend you attend a CalPERS member education class to find out more information on retirement benefits. Register online using the CalPERS Education Center or check with a CalPERS Regional Office for dates and locations.

You can also use the Retirement Estimate Calculator on our website at www.calpers.ca.gov/retirementcalculator to see how additional service credit could affect your future retirement benefits.

Payment Options at the Time of Election

The following are the payment options that may be available to you at the time of election. Your election packet will provide you the specific payment options available to pay for your service credit purchase.

- **Lump-Sum Payment**

Pay the lump-sum amount in full by using a personal check, a money order or cashier's check, or a plan-to-plan transfer or rollover.

- The rollover or “in service” plan-to-plan transfer must be from a qualified retirement plan or individual retirement account (IRA). More information is available at www.calpers.ca.gov.
- You can apply a partial lump-sum payment to the cost and satisfy your remaining balance through installment payments.
- The lump-sum payment option is available to all members.

- **Installment Payments**

Elect installment payments for up to 180 monthly payroll periods (or the bi-weekly, semi-monthly, or quad-weekly equivalent).

- Your employer will deduct the payments from your paycheck and report them through payroll reporting to CalPERS.
- Interest continues to accrue on the balance until paid in full.
- Only active members currently employed by a CalPERS-covered employer can elect installment payments.

- **Actuarial Equivalent Reduction (AER)—Tier Conversion Only**

AER is a payment method that reduces your monthly retirement benefit by an actuarially equivalent amount of the lump-sum cost.

- You receive the full benefit of the service credit purchase while also satisfying the balance due.
- **Only available for Tier Conversion elections.**
- You have no obligation to make payments until you retire.
- Your balance is recalculated as of your retirement date to include interest accrued from the election effective date through your retirement date.

Payroll deductions may be taxed, or tax-deferred if your current employer has a resolution on file. Please be aware that the tax type you elect cannot be changed while you are actively employed with a CalPERS-covered employer.

Service credit purchases have tax implications that need to be taken into consideration. For more information about taxes, contact the Internal Revenue Service (IRS), the California Franchise Tax Board, or a tax advisor. You can obtain a copy of *Pension and Annuity Income*, IRS Publication 575, by calling toll free (800) 829-1040, or visit their website at www.irs.ca.gov. Contact the California Franchise Tax Board by calling toll free (800) 852-5711, or visit their website at www.ftb.ca.gov.

Important!

You can save money by electing a higher installment payment amount over a shorter number of pay periods.

You can also save money by applying a larger sum to your partial lump-sum payment.

You can purchase service credit early in your career and avoid having a remaining balance due at retirement.

Paying in full by retirement will ensure you receive the full benefit of the purchase.

Additional details on payment options, tax deferred versus taxed payments, and interest rates are available at www.calpers.ca.gov.

Payment Options at the Time of Retirement

The payment options available to you depend upon your service credit purchase election effective date and your retirement date.

Election effective on or prior to December 31, 2019, and your retirement date is on or after January 1, 2020:

- **Lump-Sum Payment**

Pay the lump sum due in full by using a personal check, a money order or cashier's check, or a plan-to-plan transfer or rollover.

- The rollover or "in service" plan-to-plan transfer must be from a qualified retirement plan or individual retirement account (IRA). More information is available at www.calpers.ca.gov.

- **Retirement Deductions**

You can have monthly payments deducted from your retirement benefit.

- We deduct the payments from your monthly retirement benefit.
- Your retirement benefit will increase, less your monthly payment.
- As soon as you pay the balance in full, you will receive the full benefit of the service credit purchase.

- **Actuarial Equivalent Reduction (AER)**

AER is a payment method that reduces your monthly retirement benefit by an actuarially equivalent amount of the lump-sum cost.

- You receive the full benefit of the service credit purchase while also satisfying the balance due.
- Your balance is recalculated as of your retirement date.
- AER is available to all members at retirement.

Election effective on or after January 1, 2020, and your retirement date is on or after January 1, 2020:

- **Lump-Sum Payment**

Pay the lump sum due in full by using a personal check, a money order or cashier's check, or a plan-to-plan transfer or rollover (see above).

- **Actuarial Equivalent Reduction (AER)**

AER is a payment method that reduces your monthly retirement benefit by an actuarially equivalent amount of the lump-sum cost.

- You receive the full benefit of the service credit purchase while also satisfying the balance due.
- Your balance is recalculated as of your retirement date.
- AER is available to all members at retirement.

Disability Retirement and Your Service Credit Purchase

If you retire on disability or industrial disability, a purchase of additional service credit may not benefit you and may not be used to qualify for benefits or change the method of calculating benefits.

A thorough review of your account is completed before cost information is provided to you to purchase service credit. If you have ever inquired about disability or industrial disability retirement, or have submitted an application, we will determine if the purchase of service credit will be beneficial to you before sending you the election package. If we determine the service credit will not be beneficial to you, we will notify you in writing.

Upon being approved for a disability or industrial disability retirement, we will review your elected service credit purchases to determine if the service credit increases your disability or industrial disability retirement allowance. If you are making installment payments at the time of the review, your installment payments will temporarily be put on hold. This process ensures you do not make additional payments on a service credit purchase that may not benefit you. Once the review has been completed and a determination has been made, you will be provided options for paying the remaining balance due, or you will be notified that the purchase is not beneficial and no additional payments will be required. You will not receive a refund of prior payments made.

If the service credit purchase...	Then...
Does increase your disability/ industrial disability retirement allowance	You will be provided options for paying the remaining balance due, which will include interest.
Does not increase your disability/ industrial disability retirement allowance	Payments may be suspended prospectively. You will not receive a refund of any prior payments made.

If your installment payments have been suspended and you later reinstate, or it is determined you are no longer eligible for a disability or industrial disability retirement, you will be provided options for paying the remaining balance due (including interest accrued during the suspension period).

Safety Cap and Your Service Credit Purchase

The Public Employees' Retirement Law limits the percentage of final compensation a safety member may receive. This limit is based on the member's total years of service credit under a given safety retirement formula combined with the member's age. For example, if you have a safety retirement formula under 3% at 50, and you have obtained 30 years of service credit by the age of 50, then your final compensation percentage is capped at 90 percent, even if you continue to work past age 50 and/or obtain more service credit.

The safety formula will vary based on your benefit category. The following are considered safety retirement benefit categories:

- State Safety
- Peace Officer Firefighter (POFF)
- State Patrol
- Local Safety
- Local Fire
- Local Police

At the time we calculate your purchasable service credit, we will look at your current age, your projected age at retirement, how many years of service credit you currently have, and how many years you may continue to work. This review helps us to determine how much service credit may be beneficial to you, if you continue working until you are eligible to retire. If you request to purchase service credit that will cause you to exceed your cap, we will notify you of your service credit purchase options. Some types of service credit require you to purchase all of your available service credit, regardless of how much of the service credit will exceed your cap.

Only you know if you plan to stop working sooner than we have projected, in which case purchasing the additional service credit may benefit you. You may still choose to purchase the additional service credit that we determined would not benefit you by contacting CalPERS.

Community Property and Your Service Credit Purchase

Service credit may be subject to a community property division. If you purchased any service credit during your marriage or domestic partnership, CalPERS will consider it community property and divide what was credited and paid to your account unless otherwise provided by a court order. For more information on how service credit purchases may be subject to community property, refer to *A Guide to CalPERS Community Property* (PUB 38A).

Social Security and Your Service Credit Purchase

The purchase of service credit may impact your Social Security benefits. If your service credit purchase is credited under a formula that is not coordinated with Social Security, and you have less than 30 years of Social Security contributions, your Social Security benefits may be subject to the Windfall Elimination Provision and the Government Pension Offset under federal law. For more information about these Social Security benefit reductions, please contact the Social Security Administration.

CalPERS Review

When CalPERS receives your request form, we will:

- Determine if your form is complete.
 - If your form is incomplete, we will notify you that you will need to submit a new completed request to CalPERS.
- Determine if you are eligible to purchase the requested service credit.
 - If you are not eligible, we will send you a letter of explanation.
 - If you are eligible, and there is a cost associated with the service credit, we will calculate the cost and mail your service credit purchase election packet to you. If you are eligible and there is no member cost associated with the service credit, we will post the service credit to your account and send you a letter of notification.

If you are submitting your *First Tier Future Election Document*, you will be provided with a written notice and the effective date that the State Controller's Office will apply the First Tier retirement contribution withholding.

Additional review may be necessary if we discover a discrepancy with your past employment information. Your service credit cost calculation will be placed on hold if additional review is needed. Also, submit your request as early in your career as possible to ensure your future retirement estimates are accurate. The cost will continue to increase the longer you wait to request cost information.

Your Final Decision

When you receive the service credit purchase election packet, and you choose to elect, you need to:

- **Choose the payment option** that is right for you.
- **Complete and sign** the election document.
- **Make a copy** for your records and mail the original to CalPERS.

We must receive your completed election by the date provided on the election document and well in advance of your retirement date. If your election document is incomplete or not received by the date on the election document, we will return your election as incomplete. You must submit a new service credit request. If you have retired, you are not eligible to receive a new service credit purchase election packet.

BECOME A MORE INFORMED MEMBER

CalPERS Website

Visit www.calpers.ca.gov for information on all our benefits and services. You can also sign up to receive email newsletters and alerts.

myCalPERS

Log in at my.calpers.ca.gov to access real-time details and balances of your CalPERS accounts. With myCalPERS you can:





- View, print, and save current and past statements.
- Select mailing preferences for your statements, newsletters, and retirement checks.
- Search for medical premium rates and health plans available in your area and confirm which dependents are covered on your health plan.
- Estimate your future retirement benefit and save estimates to view later.
- Send and receive secure messages.
- Order and download publications.
- Send account information to third parties, such as banks.
- Apply for service retirement.
- Change your beneficiary designation.
- View the status of your service credit request, elected service credit details, and payoff information.
- Retirees can update contact information, set up direct deposit, change tax withholdings, and view annual tax statements.

CalPERS Education Center

Whether you're in the early stages of your career or getting ready to retire, visit the CalPERS Education Center in myCalPERS to:

- Take online classes to help you understand your benefits.
- Register for instructor-led classes and download class materials.
- Register to attend a CalPERS Benefits Education Event at a location near you.
- Schedule a one-on-one appointment at your nearest CalPERS Regional Office.

Experience CalPERS Through Social Media

-  Facebook: www.facebook.com/myCalPERS
-  Twitter: www.twitter.com/CalPERS
-  Instagram: www.instagram.com/CalPERS
-  YouTube: www.youtube.com/CalPERS
-  LinkedIn: www.linkedin.com/company/CalPERS

Reach Us by Phone

Call us toll free at **888 CalPERS** (or **888-225-7377**).
Monday through Friday, 8:00 a.m. to 5:00 p.m.
TTY: (877) 249-7442

Visit Your Nearest CalPERS Regional Office

Fresno Regional Office

10 River Park Place East, Suite 230
Fresno, CA 93720

Glendale Regional Office

Glendale Plaza
655 North Central Avenue, Suite 1400
Glendale, CA 91203

Orange Regional Office

500 North State College Boulevard, Suite 750
Orange, CA 92868

Sacramento Regional Office

Lincoln Plaza East
400 Q Street, Room 1820
Sacramento, CA 95811

San Bernardino Regional Office

650 East Hospitality Lane, Suite 330
San Bernardino, CA 92408

San Diego Regional Office

7676 Hazard Center Drive, Suite 350
San Diego, CA 92108

San Jose Regional Office

181 Metro Drive, Suite 520
San Jose, CA 95110

Walnut Creek Regional Office

Pacific Plaza
1340 Treat Boulevard, Suite 200
Walnut Creek, CA 94597

Visit the CalPERS website for directions to your local office.

Regional Office hours are Monday through Friday, 8:00 a.m. to 5:00 p.m.

PRIVACY NOTICE

The privacy of personal information is of the utmost importance to CalPERS. The following information is provided to you in compliance with the Information Practices Act of 1977 and the Federal Privacy Act of 1974.

Information Purpose

The information requested is collected pursuant to the Government Code (sections 20000 et seq.) and will be used for administration of Board duties under the Retirement Law, the Social Security Act, and the Public Employees' Medical and Hospital Care Act, as the case may be. Submission of the requested information is mandatory. Failure to comply may result in CalPERS being unable to perform its functions regarding your status. Please do not include information that is not requested.

Social Security Numbers

Social Security numbers are collected on a mandatory and voluntary basis. If this is CalPERS' first request for disclosure of your Social Security number, then disclosure is mandatory. If your Social Security number has already been provided, disclosure is voluntary. Due to the use of Social Security numbers by other agencies for identification purposes, we may be unable to verify eligibility for benefits without the number.

Social Security numbers are used for the following purposes:

1. Enrollee identification
2. Payroll deduction/state contributions
3. Billing of contracting agencies for employee/employer contributions
4. Reports to CalPERS and other state agencies
5. Coordination of benefits among carriers
6. Resolving member appeals, complaints, or grievances with health plan carriers

Information Disclosure

Portions of this information may be transferred to other state agencies (such as your employer), physicians, and insurance carriers, but only in strict accordance with current statutes regarding confidentiality.

Your Rights

You have the right to review your membership files maintained by the System. For questions about this notice, our Privacy Policy, or your rights, please write to the CalPERS Privacy Officer at 400 Q Street, Sacramento, CA 95811 or call us at **888 CalPERS** (or **888-225-7377**).

CalPERS is governed by the Public Employees' Retirement Law and the Alternate Retirement Program provisions in the Government Code, together referred to as the Retirement Law. The statements in this publication are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this publication, any decisions will be based on the law and not this publication. If you have a question that is not answered by this general description, you may make a written request for advice regarding your specific situation directly to the CalPERS Privacy Officer at 400 Q Street, Sacramento, CA 95811.

California Public Employees' Retirement System

400 Q Street
P.O. Box 942701
Sacramento, CA 94229-2701

888 CalPERS (or 888-225-7377)

www.calpers.ca.gov

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