Since your retirement allowance is based in part on the amount of service credit posted to your account at
the time of retirement, it may be beneficial for you to purchase additional service credit if you are eligible to
do so. Only active members of the retirement system are permitted to purchase service credit. An
active member is one who has made contributions to the retirement system within two years of his
or her purchase request and who has not retired or withdrawn his or her contributions.

Partial purchases are permitted; you may purchase all or part of any eligible service.

**TYPES OF PURCHASE**

If a type of service is not listed below, it is not eligible for purchase.

**Temporary Service**

Public Employees’ Retirement System (PERS) and Teachers’ Pension and Annuity Fund (TPAF) members are
eligible to purchase service credit for temporary, provisional, certain intermittent, or substitute employment if
the employment was continuous and immediately preceded a permanent or regular appointment.

Police and Firemen’s Retirement System (PFRS) members are eligible to purchase temporary employment
provided the service rendered was in a title eligible for participation in the PFRS, was continuous, and imme-
diately preceded a permanent or regular appointment.

- PERS and TPAF members are allowed to purchase temporary service rendered under a former account
  provided the service was continuous and immediately preceded a permanent or regular appointment.
- PFRS members are allowed to purchase temporary service rendered under a former PERS or TPAF
  account provided the service was continuous and immediately preceded a permanent or regular appoint-
  ment in the PERS or TPAF, or temporary service rendered under a former PFRS account provided the
  service rendered was in a title eligible for participation in the PFRS, was continuous, and immediately pre-
  ceded a permanent or regular appointment in the PFRS.
- Job Training Partnership Act (JTPA) service and its successor program established under the Workforce
  Investment Act of 1998 are not eligible for purchase.
- State Police Retirement System (SPRS) members are not eligible to purchase temporary service.

**Leave of Absence without Pay**

PERS, TPAF, and PFRS, members are eligible to purchase service credit for official leaves of absence without
pay. (Maximum of 2 years for personal illness; maximum of 3 months for personal reasons.)

- Maternity-leave is considered personal illness (see note on page 2).
- Child-care leave is eligible for purchase as a leave for personal reasons.
- A leave of absence without pay under a former membership may be eligible for purchase.
- SPRS members must request to purchase a leave of absence without pay within one year following the
  member’s return to service.
Note: A certification from a physician that a member was disabled due to pregnancy and resulting disability for the period in excess of three months is required. Otherwise, three months is the maximum period of purchase for maternity.

Leaves of absence for union representation may also be available for purchase. This type of leave must be purchased quarterly and within 30 days of the end of each fiscal quarter. See the Application to Purchase Service Credit for Union Representation for additional information and instructions.

Former Membership Service

PERS, TPAF, PFRS and SPRS members are eligible to purchase service credited under a previous membership in any of the defined benefit retirement plans administered by the New Jersey Division of Pensions and Benefits. To be eligible for this type of purchase, the previous membership must have been terminated, either because the member withdrew the contributions in the account or no contributions were made to the account for more than two years, and the account is considered expired.

For SPRS members only, Former Membership under SPRS is given the same consideration as current SPRS service. The purchase of Former Membership earned under PERS, TPAF, or PFRS may be purchased as non-SPRS service.

Note: Non-SPRS service cannot be used to qualify for SPRS retirement eligibility but may be used for post-retirement medical consideration.

You may also be eligible for a “Tier-to-Tier Transfer” of your former membership. For more information see your employer or your retirement system’s Member Handbook.

Former SPRS membership credit will be included in the computation of retirement benefits in the same manner and value as current SPRS service.

Out-of-State Service

PERS, TPAF, and PFRS members are eligible to purchase up to 10 years of public employment rendered with any state, county, municipality, school district, or public agency outside the State of New Jersey but within the United States (including U.S. territories or possessions) provided the service rendered would have been eligible for membership in a State of New Jersey-administered defined benefit retirement system. This service is only eligible for purchase if the member is not receiving or eligible to receive retirement benefits from the out-of-state public pension fund.

Leaves of absence from out-of-state employment are not eligible for purchase.

Note: For PERS and TPAF members, Out-of-State Service requested for purchase after November 1, 2008, cannot be used to qualify for any State-paid or employer-paid health benefits in retirement. For SPRS members, out-of-state employment is not eligible for purchase.

U.S. Government Service

PERS, TPAF, and PFRS members are eligible to purchase up to 10 years of credit for civilian service rendered with the U.S. Government provided the service rendered would have been eligible for membership in a New Jersey State-administered retirement system. This service is only eligible for purchase if the member is not receiving or eligible to receive retirement benefits from the federal government based in whole or in part on this service. Unpaid leave of absence from U.S. Government Employment is not eligible for purchase.

Note: For PERS and TPAF members, U.S. Government Service requested for purchase after November 1, 2008, cannot be used to qualify for any State-paid or employer-paid health benefits in retirement. For SPRS members, U.S. Government employment is not eligible for purchase.
Military Service before Enrollment

PERS, TPAF, PFRS, and SPRS members are eligible to purchase credit for up to 10 years of active military service rendered prior to enrollment provided the member is not receiving or eligible to receive a military pension or a pension from any other state or local source for such military service. A member receiving or eligible to receive a military pension, based in whole or in part on service in the reserves, may purchase credit for active military service.

Active military service eligible for purchase means full-time duty in the active military service of the United States and includes full-time training duty, annual training duty, and attendance, while in the active military service, at a school designated as a service school by law or by the Secretary of the military department concerned. It cannot include periods of service of less than 30 days. See Fact Sheet #17, Veteran Status for more information. It does not include basic training, weekend drills, or annual summer training of a National Guard or reserve unit.

If you qualify as a veteran, you may be eligible to purchase up to an additional five years of active duty military service provided that a DD-214 Form - Certificate of Active Duty Service identifies such service as active duty.

Note: All members must provide the Division with a DD-214 Form - Certificate of Active Duty Service, which includes a member's character of service. The DD-214 Form will identify the member's active/entry dates of service and discharge/ending dates of service.

Military Service after Enrollment

Under the requirements of the federal Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), members may receive credit for military service rendered after October 13, 1994. The member must be enrolled in a New Jersey State-administered retirement system when entering the peacetime military service and, when discharged from or otherwise ending military service, must return to employment within the time periods prescribed by federal law in a position covered by a New Jersey State-administered retirement system.

USERRA eligible service will only be used to determine eligibility for benefits. The calculation of retirement benefits will not use the USERRA eligible service unless the employee pays the required pension contributions for the period of military service. For more information, see Fact Sheet #36, Military Service after Enrollment and USERRA.

Uncredited Service

Any regular employment with a public employer in New Jersey for which the member did not receive retirement credit and which would have been previous compulsory membership (see Important Notes on page 6).

Local Retirement System Service

PERS, TPAF, and PFRS members are able to purchase service credit established within a local retirement system in New Jersey if they were ineligible to transfer that service to the State retirement system upon withdrawal from the local retirement system. This service is only eligible for purchase if the member is not receiving or eligible to receive retirement benefits from that local retirement system.

Note: For PERS and PFRS, Local Retirement System Service is a full-cost purchase. For TPAF members, Local Retirement System Service is a shared-cost purchase.
Layoff (PFRS only)

Members of the Police and Firemen's Retirement System (PFRS) who were laid off and were in good standing at the time of separation from employment (not released for misconduct or delinquency), and who are subsequently rehired to a similar (police or firefighter) service position in the PFRS, can purchase up to three years for the time period in which the member was laid off. The member must now be an actively contributing member of PFRS to make this type of purchase.

The cost of a layoff purchase is calculated using the salary for the 12 months prior to the layoff.

Employment with Other Agencies (PFRS only)

If you have at least 20 years of service credit in the PFRS and you leave to accept a full-time position (with your employer's approval) in one of the agencies listed below, you may purchase a maximum of three years of such service upon your return to covered employment.

- a federal agency;
- an agency of another state or local government; or
- an organization whose principal function is offering professional, advisory, research, educational, or developmental services to governments or universities concerned with public management.

**ESTIMATE THE COST OF THE PURCHASE**

You can receive an estimate of the cost of purchasing service credit by calling our Automated Information System at (609) 292-7524 or by using the online purchase calculator available through Member Benefits Online System (MBOS) on the Division of Pensions and Benefits Web site at: www.nj.gov/treasury/pensions

The cost of a purchase is based on the following:

- your nearest age at the time the Division receives your application;
- your current annual salary or highest fiscal year salary posted to your account, whichever is higher (except for layoff purchases for PFRS members);
- the amount of service you are purchasing; and
- whether the purchase is a shared-cost or full-cost purchase (see Important Notes on page 6).

The cost of the purchase will rise with an increase in your age and/or salary.

If the Division of Pensions and Benefits determines that service credit is eligible for purchase, a letter quoting the cost to purchase service and an authorization form will be mailed to you. For more information about authorizing a purchase, see page 6.

**Note:** Estimates for the State Police Retirement System are not currently available.

**PROCEDURES FOR PURCHASING SERVICE CREDIT**

All purchase requests must be submitted using the Purchase Application program of the Member Benefits Online System (MBOS).

In order to obtain a quotation of the cost for the service credit, you must be a registered MBOS user and submit the Purchase Application to the Division of Pensions and Benefits. Once your application has been submitted through MBOS, you can track the status of your purchase request. Additional information on using MBOS can be found in the MBOS Users' Guide at: www.nj.gov/treasury/pensions
Exceptions to the MBOS Purchase Application

While most purchase requests are required to be processed through MBOS, you will not be able to use the MBOS purchase application for the following types of purchase:

- If applying for the purchase of Military Service after Enrollment under the provisions USERRA. To purchase this service, the employer must submit the Request for USERRA Eligible Service form with the time frames required under the law.

- If a PERS or TPAF member applies for a purchase of Leave of Absence for Union Representation — this type of leave must be purchased quarterly and within 30 days of the end of each fiscal quarter. See the Application to Purchase Service Credit for Union Representation for additional information and instructions.

Please note that these are the ONLY circumstances where paper purchase requests are permitted. Limited access to a computer or a reluctance to use MBOS are not considered sufficient circumstances for accepting a paper purchase request for processing. Any paper Application to Purchase Service Credit received by mail will be returned with instructions on submitting the request through MBOS.

PAYING FOR A PURCHASE OF SERVICE CREDIT

You may pay for a purchase service credit:

- with one lump-sum payment;
- by having extra payroll deductions withheld from your pay. The minimum deduction is equal to one-half of the full rate of contribution to the pension system over a maximum period of 10 years and includes interest at the assumed rate of return of the retirement system;
- by making an initial down payment and having the remainder paid through payroll deductions; or
- with a direct rollover or trustee-to-trustee transfer of tax-deferred funds from a qualified retirement plan. These include:
  — 401(a) qualified plan (including 401(k) plan) and 403(a) qualified annuity
  — 403(b) Tax-Sheltered Annuity Plan
  — 457(b) State and Local Government Deferred Compensation Plan
  — IRA with tax-deferred funds
    - Traditional IRA
    - Simple IRA (must be over 2 years old)
    - Simplified Employee Pension Plan (SEP)
    - Conduit IRA
    - Rollover IRA

Note: The Division cannot accept rollovers from a Roth IRA or a Coverdell Education Savings Account (formerly known as an education IRA).

In order to complete this process, you must authorize your purchase within 90 days from the date of the letter. See page 6 for information on authorizing your purchase.
Payroll Deductions Authorization

All members may authorize payroll deductions by returning a completed paper Purchase Authorization form to the Division. PERS, TPAF, and PFRS members can also use the ‘Purchase Authorization’ online application accessible through MBOS. With the MBOS ‘Purchase Authorization’ application you can increase the amount of payroll deductions towards the purchase of service credit, or decrease the amount of service credit you wish to purchase.

If you elect to have payroll deductions (including partial payments) you will receive a Certification of Payroll Deductions after your authorization has been processed.

Lump-sum or Partial Payments Authorization

If you want to submit a personal check or a rollover as payment for the purchase of service credit, you must submit a paper Purchase Authorization along with the payment to the Division. Lump-sum and partial payments cannot be refunded for any reason. Partial payments are not permitted after deductions begin; however, you may pay off the entire purchase in one lump-sum payment at any time after deductions have been scheduled or you may request a cancellation (see below) of your remaining payroll deductions and receive only a portion of the service.

Cancelling and Prorating Your Purchase

If you decide to cancel a purchase and future payroll deductions, and have the service credit prorated for the amount you have paid toward the purchase, a request must be made in writing to the Adjustment Section, Division of Pensions and Benefits, PO Box 295, Trenton, 08625-0295. Your cancellation and proration will automatically be projected into the next payroll certification date (approximately one month for employees whose contributions are reported monthly to the Division or three pay periods for employees whose contributions are reported to the Division on a biweekly basis).

Members who have applied for retirement can request a proration for a future date. Otherwise, if you retire before completing all of the scheduled payments, you will automatically receive prorated credit for the amount of service you have paid for or you can pay the remaining balance in a lump-sum and receive full credit.

IMPORTANT NOTES

Out-of-State Service and U.S. Government Service

Out-of-State Service, U.S. Government Service, or service with a bi-state or multi-state agency, requested for purchase after November 1, 2008, cannot be used by PERS or TPAF members to qualify for any State-paid or employer-paid health benefits in retirement.

The purchase of Out-of-State and/or U.S. Government Service may be used to increase a member’s monthly retirement allowance.

SPRS members cannot purchase Out-of-State or U.S. Government service.

Ordinary Disability Retirement

The purchase of Out-of-State, U.S. Government, or Military Service before enrollment cannot be used to qualify for an Ordinary Disability retirement.
Military Veterans and Non-Veterans

If you qualify as a non-veteran, you are eligible to purchase an aggregate of 10 years of service credit for work outside New Jersey (Out-of-State, Military, and U.S. Government Service).

If you qualify as a veteran, you may be eligible to purchase an additional 5 years of military service rendered during periods of war for an aggregate of 15 years of service outside New Jersey (Out-of-State, Military, and U.S. Government Service).

See Fact Sheet #17, Veteran Status, for additional information.

Military Service after Enrollment may qualify for purchase under the Uniformed Services Employment and Reenrollment Rights Act (USERRA). For more information, see Fact Sheet #36, Military Service after Enrollment and USERRA.

Shared and Full Cost Purchase

For most types of purchase, the cost is shared between the employee and the employers who participate in the pension plan. When statute specifically provides that the employer shall not be liable for any costs of the purchase, you as the member must pay the full cost. If you purchase Local Retirement System Service (PERS and PFRS only), U.S. Government Service, Military Service before Enrollment, Layoff (PFRS only), or Employment in Other Agencies (PFRS only) you are responsible for the full cost. Therefore, the cost to you for purchasing these types of service will be twice the cost for other types of purchase.

The purchase of Uncredited service is a shared cost purchase, however, the employer bears no cost for this type of purchase. The purchase of Local Retirement System service for TPAF members is a shared cost purchase.

Concurrent Service

A member cannot purchase periods of concurrent service. For example, a member has service credit in the Public Employees’ Retirement System from 1995 to 1999 due to part-time PERS employment and was also employed full-time as a teacher and a member of the Teachers’ Pension and Annuity Fund. If this member terminated the PERS employment and withdrew their contributions, the member cannot now purchase the PERS former membership as the member already has service credit in TPAF for the same period of time.

Leave of Absence

If you are on a leave of absence for two or more years, additional interest will be assessed on any outstanding balance of your purchase. However, if you separate from employment for two or more years (other than on a leave of absence), the purchase will be canceled and the service credit prorated.

SPRS members must apply to purchase service within one year of return from the leave of absence.

Workers’ Compensation

Workers’ Compensation is designed to compensate employees who suffer work-related injuries or illnesses. If a member is on an unpaid leave of absence due to a Workers’ Compensation claim, the member should have their employer forward pension contributions on their behalf to the Division. If necessary, the member may submit a written request directly to the Audit Section of the Division of Pensions and Benefits to determine if the member’s employer may be responsible for remitting normal pension contributions. A member who is receiving Workers Compensation is not entitled to purchase service credit for that same covered period. See Fact Sheet #45, Workers’ Compensation, for additional information.
Taxation of Purchase Payments

Except when funded by a rollover from another tax deferred plan, the contributions you make to purchase service credit are not federally tax deferred like your normal pension contributions. These contributions will not be included as taxable income when you start receiving benefits at retirement.