

Purchase of Credited Service Frequently Asked Questions

MCGEO Employees Only

1. **Q: Who is eligible for the purchase of additional service?**

A: The opportunity to purchase additional service is open to employees who are members of MCGEO.

2. **Q: How much service can be purchased?**

A: MCGEO employees may purchase up to five (5) years of eligible service.

3. **Q: What type of service can be purchased?**

A: The type of service that may be purchased includes:

- Commission Service -To be eligible to purchase prior Commission service you must have been eligible to participate in the retirement system, but elected not to participate.
- Service with the State of Maryland or any Political Subdivision -To be eligible you cannot be receiving a benefit from the prior system or have retained a vested right to benefits from that system.
- Military Service -To be eligible you cannot have been a participant in any other plan of a state, federal or local government while earning the military service.

4. **Q: Can seasonal or contractual service with the Commission be purchased?**

A: No. To be eligible to purchase prior Commission service, you must have been a career merit system employee eligible to participate in the retirement system, but who elected not to participate. Seasonal and contractual employees are not eligible to participate in the retirement system.

5. **Q: What is needed to document prior service?**

A: Employees must complete a Request to Purchase Credited Service form and forward it to the prior agency for certification. The prior agency must return the form to the ERS Office and provide information deemed sufficient by the ERS. ERS staff will determine whether the service is eligible for purchase.

6. **Q: When can additional service be purchased?**

A: Employees have two opportunities to purchase additional service as follows:

- Open Window - Employees can make an election to purchase additional service during an Open Window from October 14, 2009-November 12, 2009. Employees interested in the Open Window should contact the ERS Office immediately for further details. Forms must be completed by the employee and prior agency in order to make an election during the Open Window.
- Prior to Retirement - Employees who do not make an election during the Open Window have an opportunity to purchase additional service 60 -31 days prior to retirement. Employees should contact the ERS Office 6 months prior to retirement.



7. **Q: What is the cost to purchase additional service?**

A: Employees must contribute the entire cost of the additional service.

- Employees who purchase during the Open Window pay the present value of the increase in the accrued benefit based on a benefit commencement date that will be the later of the election date or the projected normal retirement date. Assumptions are made for future salary increases.
- Employees who purchase prior to retirement pay the present value of the increase in the accrued benefit at the actual date of retirement.

8. **Q: Is there a way to estimate the cost to purchase additional service?**

A: Charts are available which estimate the cost to purchase additional service. Contact the ERS Office to request a copy of the charts.

9. **Q: What payment options exist?**

A: Employees can elect a lump sum or sums or installments payable over no more than five (5) years from the date of election. All payments must be received prior to retirement.

Installment payments must be collected via after-tax payroll deductions during Commission employment.

Lump sum or sums can be paid via a cashiers check, money order and/or via a plan-to-plan transfer from a 403(b) or 457(b) plan that permits such a transfer for the purchase of additional service. Pre-tax payments are only permitted via a plan-to-plan transfer.

10. **Q: How soon will payments begin?**

A: A lump sum or sums must be paid within 30 days of your election. The first installment payment must start within 30 days of your election via payroll deduction.

11. **Q: Can the election to purchase additional service be cancelled?**

A: No. Your election to purchase additional service is irrevocable. In fact, if you elect to purchase additional service prior to retirement, the election to retire becomes immediately irrevocable as well.

12. **Q: Can the number of installment payments be modified or adjusted?**

A: No. You must adhere to the payment schedule that is established. However, you may prepay all, but not part, of the entire cost any time after the election is made.

13. **Q: How do I get more information?**

A: Contact Tonia Lanier, Member Relations Manager, at the ERS Office at 301-454-1425.