



Section 3

As you progress through your career with your Participating Employer, you'll achieve various milestones as a SCERS member, like becoming Vested in plan benefits. Or, you may be eligible to purchase Permissive Service Credit upon your return from an unpaid leave of absence, or for service you performed prior to becoming a member of SCERS.

Earning Service Credit

You are credited with one year of service credit for working one year of regular, full-time hours, and for which retirement contributions have been deducted from your pension-eligible compensation. (*Updated April 2019*)

In general, the more Service Credit you have as a SCERS member, the higher your retirement benefit will be. SCERS also uses Service Credit to determine when you are eligible to retire and receive a benefit.

Becoming Retirement Eligible (Vested)

You become Vested in SCERS when you have credit for five (5) or more years of full-time service with SCERS or between SCERS and a Reciprocal System. When you are “Vested,” you have earned a right to receive a monthly benefit upon retirement.

Vested members are eligible for Service Retirement after:

- 10 years of service, if you are age 50 or older; or
- 20 years of service, regardless of your age, if you are a Safety member; or
- 30 years of service, regardless of your age, if you are a Miscellaneous member; or
- Age 70, regardless of your number of years of service or Membership Category.

When determining your retirement eligibility, certain service purchases and reciprocal service can help meet these requirements; however, military leave, Public Service credit, or Additional Retirement Credit cannot help meet these requirements. *Refer to Section 5 of this handbook for more information on retirement eligibility.*

Service Credit

Earning Service Credit

Becoming Retirement Eligible (Vested)

Purchasing Permissive Service Credit

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How does purchasing Service Credit benefit me?

The SCERS retirement benefit formula includes, but is not limited to, your benefit age factor, your Final Compensation, and your total Service Credit. Purchasing Permissive Service Credit increases your total years of service with SCERS, which increases your retirement benefit.

Purchasing Permissive Service Credit

As a SCERS member, you may elect to purchase Permissive Service Credit by paying the required contributions and interest as determined by SCERS. The cost to purchase Permissive Service Credit varies depending on the type of service you choose to purchase.

If you are eligible and choose to purchase it, your Permissive Service Credit will increase your monthly retirement allowance. Purchased service may also count toward your becoming Vested and determining your retirement eligibility date. If applicable, it may also count towards 30-year membership.

You can use the SCERS Benefit Calculator on our website to see how your Service Retirement benefit will be impacted by the Permissive Service Credit you may be eligible to purchase. Your benefit from SCERS may not exceed 100% of your Final Compensation, regardless of how many years of Service Credit you earn or purchase.

You may purchase the following types of Permissive Service Credit:

	Type of Permissive Service Credit					
	Pre-Membership Employment	Prior Public Service	Unpaid Medical Leave of Absence	Post Termination	Redeposit (of previously withdrawn contributions)	Redeposit to Re-Enter
Increases your SCERS retirement benefit?	Yes	Yes	Yes	Yes	Yes	Yes
Counts toward your becoming Vested?	Yes	No	Yes	Yes	Yes	Yes
Considered in determining your retirement eligibility date?	Yes	No	Yes	Yes	Yes	Yes
Counts toward 30-Year Membership?	Yes	No	Yes	Yes	Yes	Yes
Cost of Permissive Service Credit Based on?	Compensation and contribution rate at your SCERS Membership Date plus interest through purchase date	Compensation and twice the contribution rate at your SCERS Membership Date plus interest through purchase date	Missed contributions plus interest during leave period	Compensation and contribution rate upon your return to SCERS-covered employment plus interest	Total amount withdrawn plus interest through date of redeposit	Total amount withdrawn plus interest through date of redeposit

The types of Permissive Service Credit purchases are explained in more detail in the following subsections.

Pre-Membership Employment

If you worked for a Participating Employer in a capacity not eligible for SCERS membership before you became a SCERS member (e.g., as a seasonal, intermittent or temporary employee), you may purchase your service prior to SCERS membership as Permissive Service Credit. In some cases, SCERS may require earnings and employment verification from the employer. Service you performed as a contractor or through a temporary agency is not eligible for purchase.

Prior Public Service

If you worked for another public agency before you became a SCERS member, you may be eligible to purchase up to four (4) years of that service as Permissive Service Credit with SCERS. Purchasing prior Public Service will increase your retirement benefit allowance only. It will **NOT** count toward your becoming Vested or determining your retirement eligibility date.

Verification of the dates you worked is required from your former public agency employer or corresponding retirement system. You cannot be eligible to receive a pension or retirement allowance for such service from that public agency employer, or eligible to redeposit contributions you withdrew and receive reciprocal rights from the public agency or corresponding retirement system.

Please visit our website or contact SCERS to obtain the “Purchasing Public Service Packet,” which provides more detailed information and forms for the purchase of Prior Public Service.

Public Service eligible for purchase includes employment by:

- A county or city within the State of California.
- The State of California.
- A public agency, including a public school district, situated in whole or in part within the boundaries of Sacramento County.
- The Federal government (military or civilian service).

Take Note



Between May 2007 and December 31, 2012, Active Members of SCERS were allowed to purchase up to five (5) years of Additional Retirement Credit or “ARC” time to increase total Service Credit with SCERS. Unlike other types of service purchases, ARC was not based on prior government or public agency employment.

Pursuant to the Public Employees’ Pension Reform Act of 2013 (PEPRA), ARC purchases cannot be requested from or offered by SCERS, or any other public retirement system subject to PEPRA, after December 31, 2012.

Take Note



If you worked for the State of California and withdrew funds upon termination of employment covered by the California Public Employees' Retirement System (CalPERS), in some cases CalPERS will allow a redeposit when you begin membership with a Reciprocal System such as SCERS. In most cases, it is less expensive to make a redeposit to CalPERS, if allowed, than to purchase your prior CalPERS service as Public Service with SCERS. Contact CalPERS regarding your eligibility to make a redeposit.

You can purchase Permissive Service Credit for up to four (4) years of eligible Public Service at any time prior to your effective date of retirement. You must complete the purchase of all public service within five (5) years of the first payment or prior to your retirement date, whichever comes first.

Example:

If you are eligible to purchase four years of Public Service, you have a total of five (5) years from when you first initiate a purchase to complete it. This means that if you first elect to purchase two of the four (4) years, and you make payments over four (4) years, then you will only have one (1) more to complete the purchase of the remaining two (2) years.

Active Military Leave – Permissive Service Credit at Retirement

If you resign or obtain a leave of absence from a Participating Employer to enter active military service, and you later return to SCERS-covered employment, you can receive Permissive Service Credit for your active military service at no cost to you.

To receive the Permissive Service Credit, you must:

- Provide a Certificate of Release or Discharge from Active Duty (Form DD214) issued by the U.S. Department of Defense;
- Separate from active military duty under conditions other than a dishonorable discharge; and
- Return to SCERS-covered employment within the period established by law after release from active duty, or within 90 days after recovering from a disability incurred while in active duty.

If you die while performing “qualified military service,” you will be treated as being reemployed for purposes of Vesting and death benefits.

Your SCERS membership records are so noted and your military time is considered in the calculation of your benefits at retirement. This service may not be used to meet minimum eligibility requirements for SCERS benefits.

Unpaid Medical Leave of Absence

If you return to active service following an uncompensated leave of absence due to illness, or leave of absence while on State Disability Insurance, you may receive up to a maximum of one year of Service Credit for the period of such absence. You must pay the contributions that you would have paid during such period, plus the interest those contributions would have earned if they had been on deposit during your absence.

If you take an unpaid medical leave, qualifying exigency leave, or military caregiver leave for qualifying reasons under the Federal Family and Medical Leave Act and the California Family Rights Act, you may make arrangements with SCERS' office to pay retirement contributions and thereby receive up to 12 weeks of retirement service credit (26 weeks for military caregiver leave) under the guideline of the FMLA.

Post Termination Service

(Temporary Employment between two periods of SCERS-covered employment)

You may purchase service for a Participating Employer that was not eligible for coverage by SCERS that you performed between two periods of service that are covered by SCERS. You must pay contributions at the rate first applicable upon return to SCERS-covered employment plus interest.

Redeposit of Previously Withdrawn SCERS Member Contributions

If you terminate your membership with SCERS, withdraw your Member Contributions, and later again become a member of SCERS, you may redeposit the funds you withdrew plus the interest that would have accrued up to the redeposit payment date had the funds remained on account at SCERS.

Partial redeposits are not permissible. The full amount of the previously withdrawn funds must be repaid in full and all previous Service Credit restored. A redeposit of your contributions restores your past Service Credit with SCERS.

A decision to forego making a redeposit means your prior Service Credit does not count towards your becoming Vested, establishing your eligibility for retirement, or in the calculation of your retirement benefit from SCERS.

Q&A



Am I allowed to redeposit just a portion of my prior SCERS Member Contributions?

No. In order to affect a redeposit and receive the corresponding Service Credit, you must redeposit all previously withdrawn Member Contributions.

What if I do not complete the redeposit before I leave SCERS-covered employment?

You must pay the redeposit off in full in a lump-sum at termination of covered employment. If you do not, SCERS will refund to you the portion of the redeposit you have paid to date. This could affect your Benefit Tier and eligibility for and amount of your SCERS retirement benefit.

Redeposit to Re-Enter

If you terminate your membership with SCERS, withdraw your Member Contributions, and then become a SCERS member again later, you may preserve your original Benefit Tier by redepositing all previously withdrawn contributions plus interest when you re-establish, or re-enter, SCERS membership. SCERS will provide you a notice and agreement for “Eligibility to Re-Enter to Redeposit” that includes the cost to you for the redeposit. You must complete and return the agreement to SCERS within 30 days from the date SCERS issues the notice to you.

Initiating a Purchase of Permissive Service Credit or Redeposit

You must submit a written Request for Service Purchase Calculation to SCERS to initiate your purchase of Permissive Service Credit or request to make a redeposit of a previous withdrawal. SCERS will calculate the cost and provide you a Purchasable Service Election contract containing the terms of the purchase and your payment options. You must sign and return the Purchasable Service Election contract to SCERS in order for your purchase payments to begin.

For help with purchasing Service Credit, we encourage you to contact SCERS to schedule an appointment with a Retirement Benefits Specialist.

Service Purchase Payment Methods

You may purchase Service Credit using one or more of the following payment methods:

- **Lump sum payment.** You may make a payment in full or in part as follows. Any balance due after applying the lump sum payment may be paid using payroll deduction installment payments.
 - Personal check or a cashier’s check made payable to SCERS.
 - **Direct Rollover or Trustee-to-Trustee Transfer.** This is a transfer of pre-tax funds (eligible rollover distribution) from a qualified retirement account, usually earned from your former employment. SCERS will accept pre-tax funds from these types of plans:
 - 457 deferred compensation plan maintained by a California public agency.
 - 403(b) tax-sheltered annuity plan maintained by a California public agency.

SCERS will only accept a direct rollover or trustee-to-trustee transfer with the required form completed and signed by the administrator of the transferring plan.

- **Payroll deduction installment payments.** You may purchase Service Credit using payroll deductions. The payments are divided equally over the term of the contract. The specific contract term may vary depending on the type and duration of service purchased. The maximum duration of a service purchase agreement for other than Public Service is the length of the time period being purchased or 10 years, whichever is less.

The amount of your service purchase installment deduction is in addition to your regular Member Contribution deduction. The installment payments are currently deducted on a pre-tax basis. Pre-tax deductions will continue unless the Internal Revenue Service should later require the installment payments to be deducted on a post-tax basis.

To set up an installment payment plan for your service purchase, you must sign a purchase contract and submit it to SCERS. A purchase contract is irrevocable. This means that once it begins, the payment cannot be stopped, increased, or decreased. Payments are deducted from your pay until the amount owed is paid in full and the contract is completed. The purchase contract may only be modified if you terminate employment, retire, or die.

Limitations on Service Purchases:

- Once initiated, a service purchase agreement cannot be modified or revoked.
- You must complete a Public Service purchase within five (5) years of the first payment or prior to your retirement, whichever comes first.
- The maximum duration of a service purchase agreement for other than Public Service is the length of the time period being purchased or 10 years, whichever is less.
- All purchases of Permissive Service Credit must be completed before you retire.
- If you are on an uncompensated leave of absence while making payroll deduction installment payments toward your service purchase contract, you must continue making payments directly to SCERS (self-pay) during your absence.
- If you terminate employment and still owe a balance on your service purchase agreement, you must complete your purchase by paying off the balance in a lump sum.

Take Note



The following types of employment are not eligible for purchase of Service Credit:

- Educational or sabbatical leaves.
- Non-medical leave without pay.
- Out-of-state employment (except for federal government employment).
- Employment by school districts outside of Sacramento County.
- Contract or consultant services.

Take Note



When contemplating making a service purchase, keep in mind that if in the future you apply for a Disability Retirement, the Permissive Service Credit you purchase may not increase your benefit from SCERS. For example, a member's Service Credit is not a factor in determining the amount of a Service-Connected Disability Retirement, if granted.

30-Year Membership – Member Contributions Cease

Member Contributions are generally required for all periods of employment after your SCERS Membership Date. However, for all Safety members regardless of Membership Date, and for Miscellaneous members hired on or before March 7, 1973 who have maintained continuous membership in SCERS, Member Contributions stop when 30 years of Service Credit is achieved. However, employer retirement contributions continue to be paid based on pension-eligible compensation and the member will continue to earn Service Credit that will be used in the calculation of retirement benefits.

The following types of Service Credit are **excluded** from SCERS determination of the 30-year Member Contribution cut-off:

- Public Service.
- Military leave of absence.
- Additional Retirement Credit (only available for purchase from May 2007 through December 31, 2012).

We encourage you to contact SCERS if you are approaching 30 years of service and are unsure if or when this Member Contribution cut-off feature applies to you.