Purchasing Service Credit Workshop

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What Will Be Covered…

- Requirements to purchase
- Decision-making tools and issues

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Why Purchase Service Credit?

Higher defined benefit percentage

- Lifetime for retiree and cobeneficiary

May be eligible to retire at earlier age

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Purchasing Service Credit

Based on:

- Refunded account
- Employment not covered under PERA or another retirement plan

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Purchases of Non-Covered Employment

Members hired before 1999:

- Currently working in a PERA job
- Have at least one year under PERA
- Purchase up to 10 years of any employment outside of PERA

Previous work must not be vested for a mandatory retirement benefit, except:

- Work covered only by Social Security and military service

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Purchases of Non-Covered Employment

Members hired on and after January 1, 1999:

- Purchase governmental or “qualified” employment
  - Currently working in a PERA job
  - Have at least one year under PERA
  - Purchase up to 10 years of “qualified” employment outside of PERA
- Purchase “non-qualified” (private sector) employment
  - Currently working in a PERA job
  - Have at least five years under PERA
  - Purchase up to 5 years of any employment outside of PERA

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Service Credit Purchase Rates*

Age	Hired On or Before 12/31/2006	Hired On or After 1/1/2007	Hired On or Before 12/31/2006 Safety Officers	Hired On or After 1/1/2007 Safety Officers
20	14.15%	12.93%	15.21%	13.87%
25	16.27%	14.87%	17.49%	15.94%
30	18.70%	17.09%	20.11%	18.33%
35	21.50%	19.65%	23.12%	21.07%
40	24.72%	22.59%	26.58%	24.22%
45	28.41%	25.97%	30.55%	27.85%
50	32.67%	29.86%	35.13%	32.02%
55	33.55%	30.81%	33.55%	30.81%
60	31.59%	29.26%	31.59%	29.26%

* Rates are the full actuarial cost which may change when PERA's actuarial assumptions change

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Cost to Purchase Non-PERA-Covered Work

*The following example show the cost to buy one month of service credit for most members, assuming a **$3,000 HAS**:*

31.59% (age 60) **$3,000** **$947.70 per month**

(Hired On or Before 12/31/2006)

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Cost to Purchase

Use this calculator to find the cost of purchasing service credit for the employment not covered by PERA.

Calculate My HAS | View Definitions

Your Information

Date of Birth *(mm/dd/yyyy)**: 06/15/1963

Member Category*: Regular

Date you began PERA membership*: Before June 30, 2005

Monthly Highest Average Salary*: 3000

☐ Use amount of money on purchase instead

Purchasing Information

Number of months of service credit to be purchased*: 24

Purchase Date *(mm/dd/yyyy)**: 12/09/2024

Number of installments*: 1

Down payment to be applied to cost*: 0

Reset | Calculate

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Cost to Purchase

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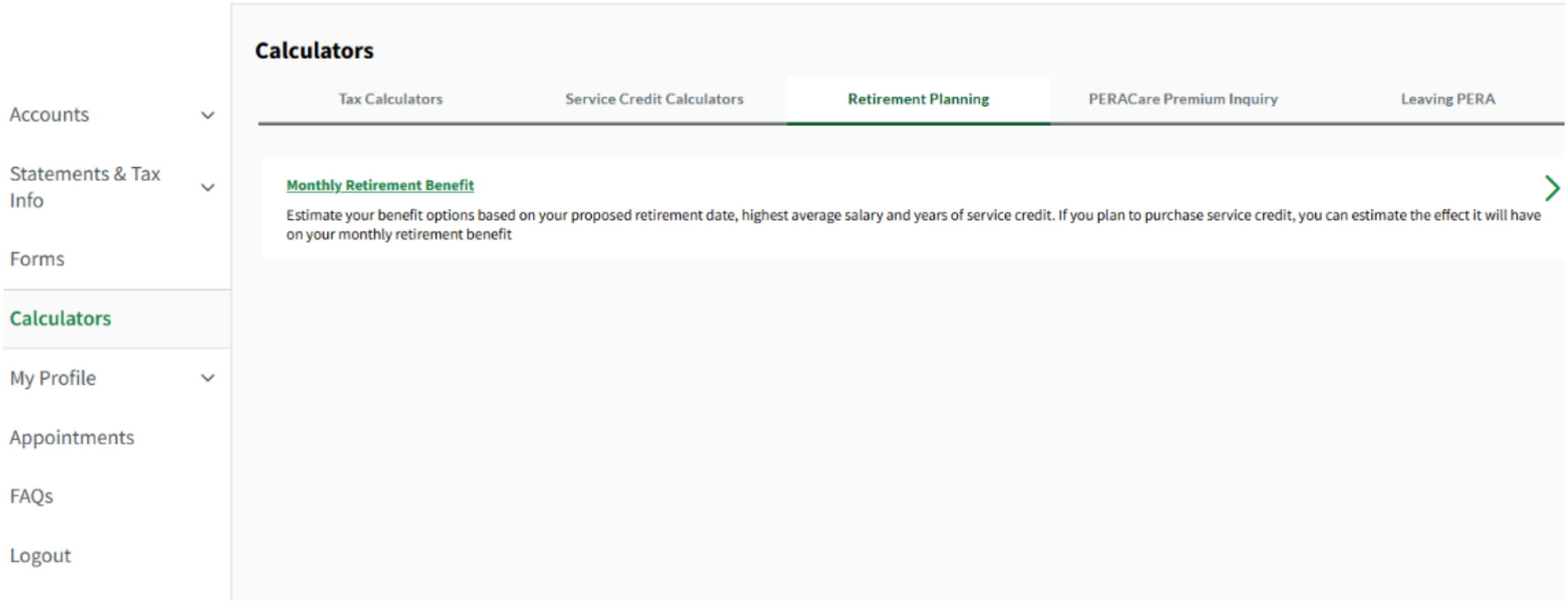
Calculating your Projected Benefit



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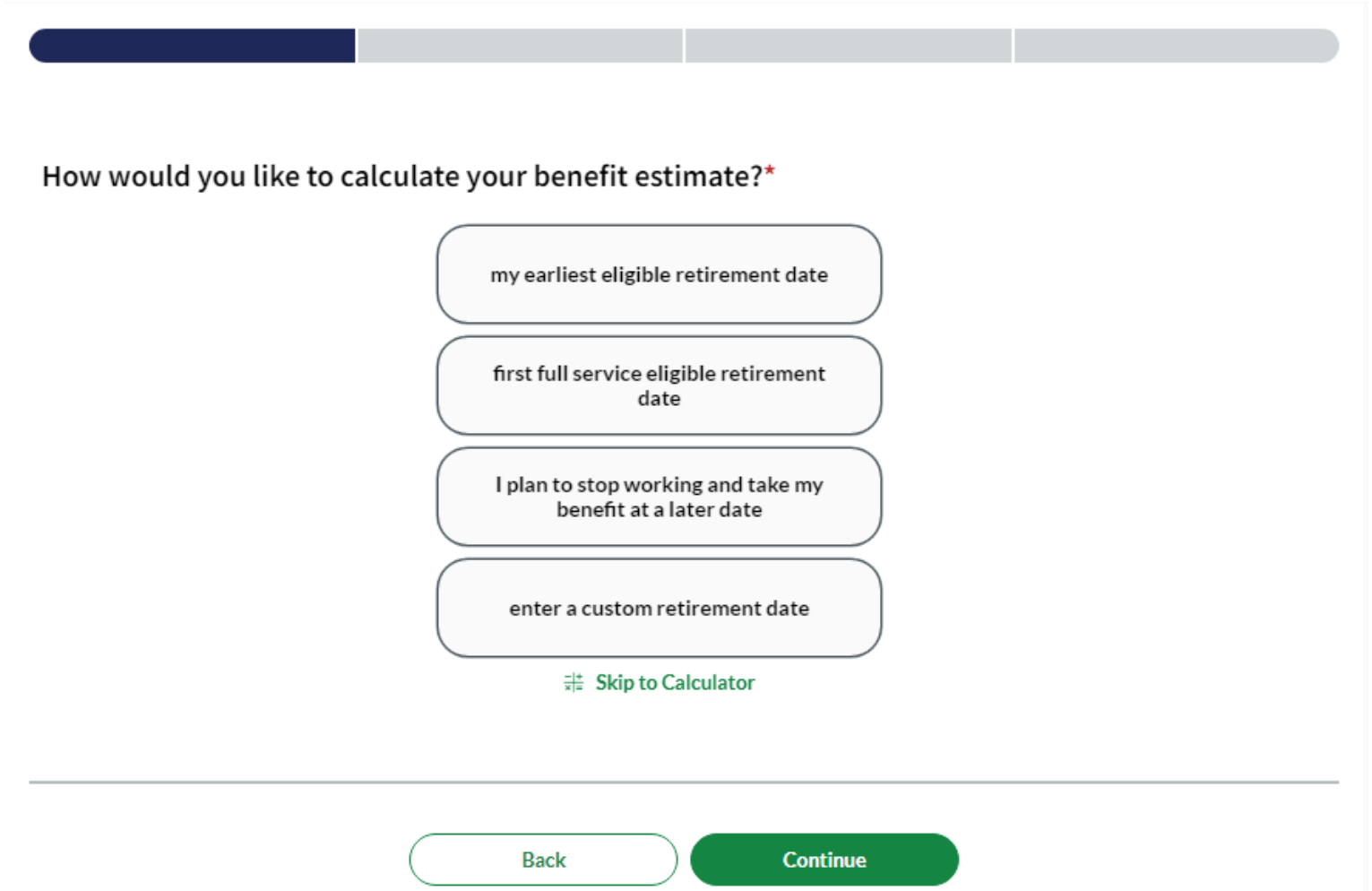
Projected Benefit Calculator Helper

Question 1:



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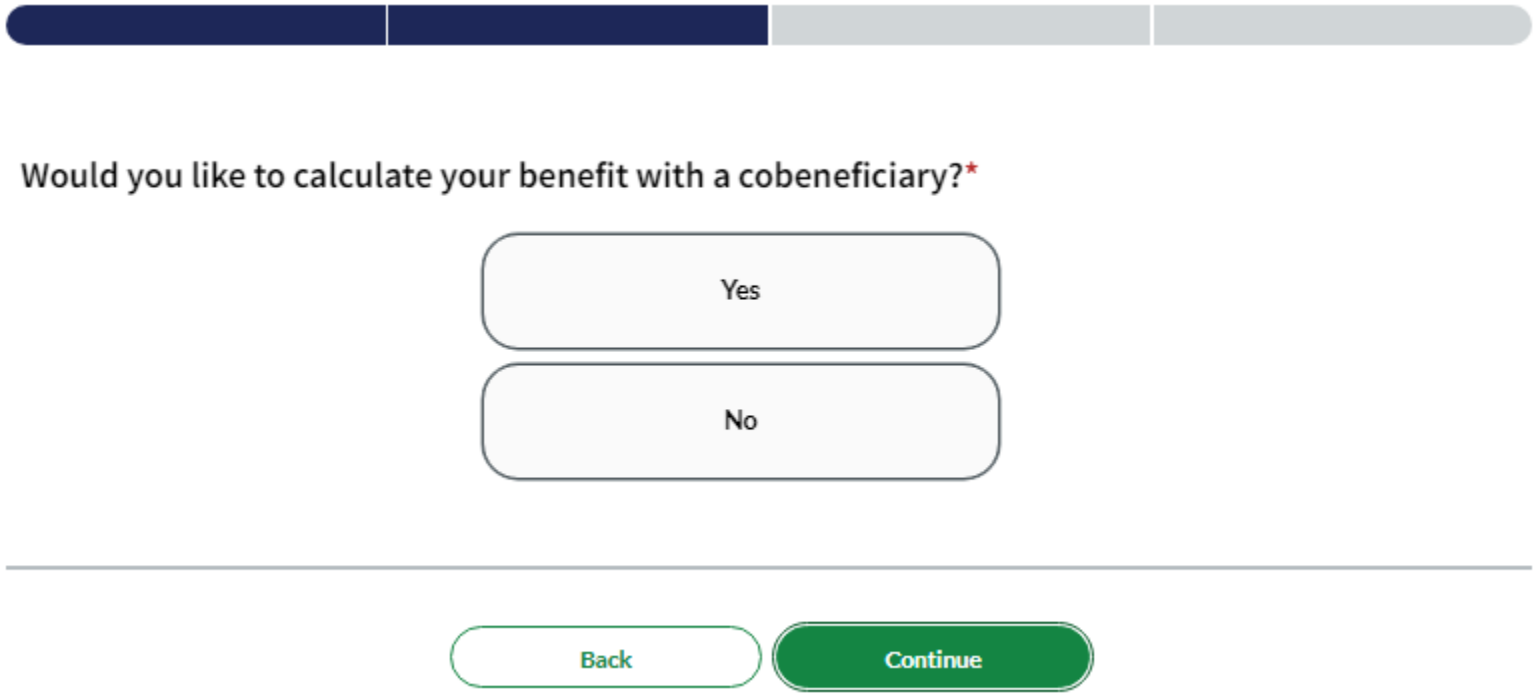
Projected Benefit Calculator Helper

Question 2:



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Projected Benefit Calculator Helper

Question 3:

Okay, your cobeneficiary is your spouse, use this information?*

Yes

No, calculate another way

Back

Continue

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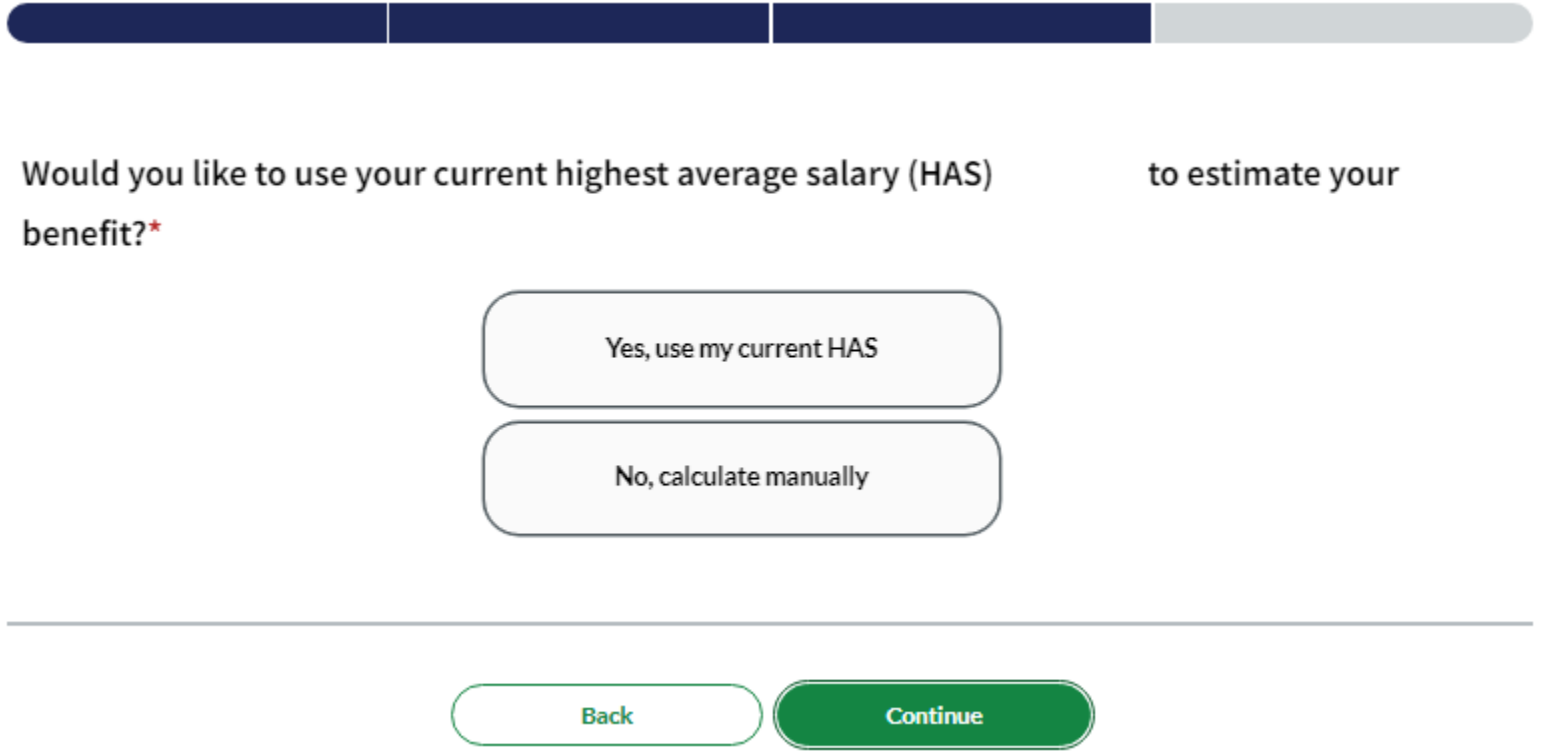
Question 4:



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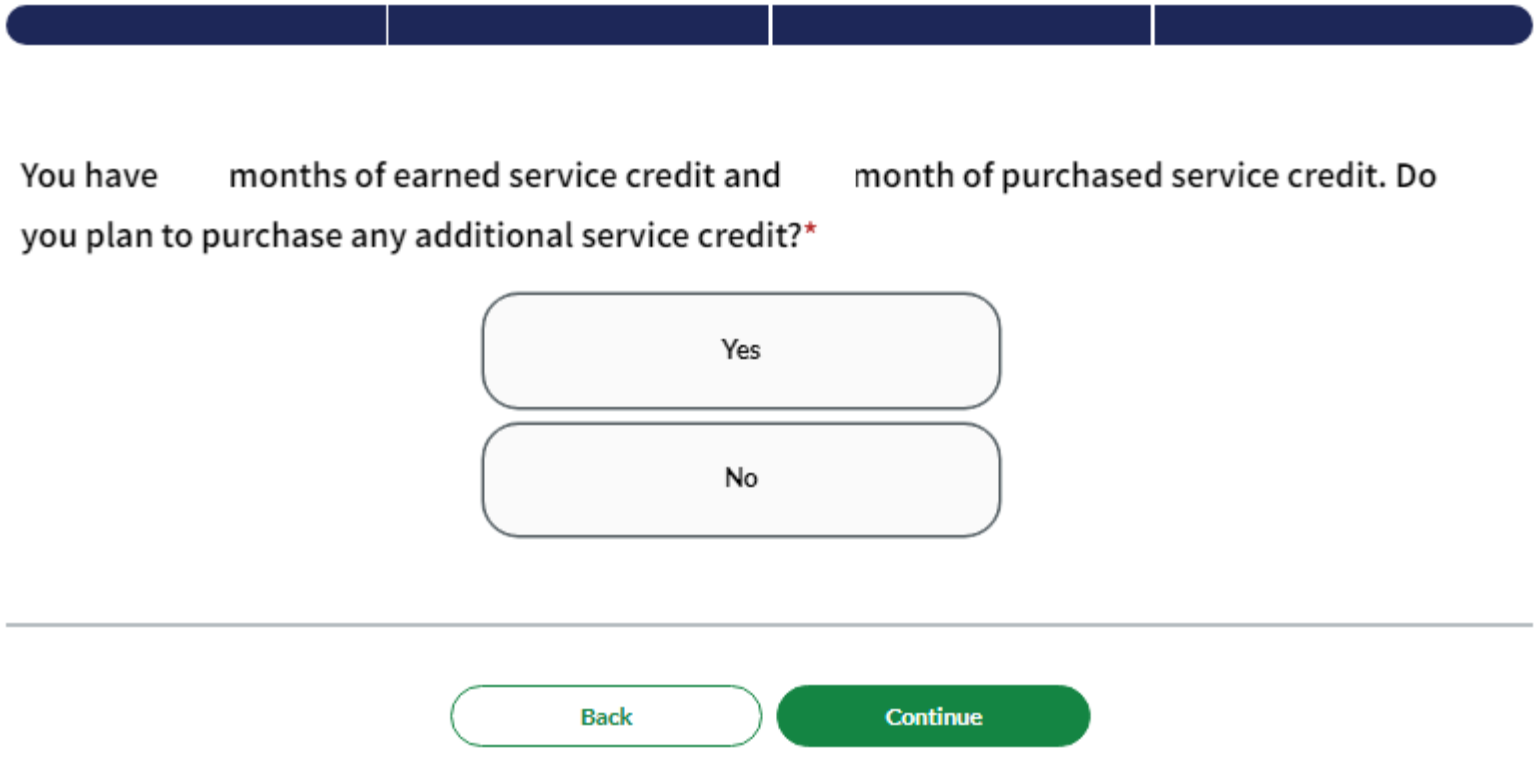
Projected Benefit Calculator Helper

Question 5:



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Projected Benefit Calculator Helper

Question 6:

How many additional months of Service Credit do you expect to purchase?*

Service Credit to Purchase *months*

24

Expected Date of Purchase *mm/yyyy*

01/2025

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Calculate

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Effect of the Service Credit Purchase:

	Current Amount	Additional Purchase
Total Months of Service	336	360
Option 1		
Estimated Benefit	$2,100	$2,250
Monthly Increase		$150
Months to Recover		152

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Purchase Recovery Example

(Hired On or Before 12/31/2006)

Example	
Age:	60
Years of Service:	28
HAS:	$3,000

Purchasing two years of non-covered work

Purchase cost:
$947.70 per month × **24 months** = **$22,744.80**

Option 1/A benefit increases from 70% to 75% of HAS

- Benefit increases from $2,100 to $2,250
  - $150 monthly difference

Determining recovery time

- It will take 152 months to recover purchase cost. (12 years, 6 months)

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Decision-Making Factors

- Why purchase service credit?
- Consider alternative investment options

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Verification of Work Not Covered by PERA

Complete Service Credit Purchase Application

- Provide beginning and ending dates of employment
- Cannot be vested in an employer's mandatory retirement plan

Document previous work

- Social Security earnings statement
- Former employer's statement verifying work
- Tax returns, W-2 forms, pay records

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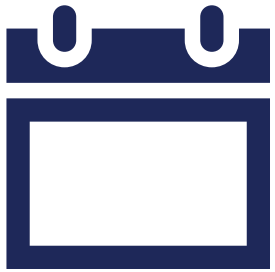
Payment Requirements



You will have 60 days from your purchase agreement date to act on the agreement

All purchases must be completed prior to leaving PERA employment

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Purchase Payment Options

Lump sum

Rollover from eligible tax-deferred account

- 401(k)
- 403(b)(7)
- 457
- IRA

*Retirement account must be in purchaser's name

Monthly payments

- After-tax money only; 7.25% interest charged
- Repayment period up to twice the amount of service purchased (up to 10 years maximum)
- Electronic funds transfer from checking or savings account

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Next Steps

To purchase service credit for employment not covered by PERA:

Contact PERA for an estimate of your purchase costs

- www.copera.org
- 1-800-759-PERA (7372)

Complete *Service Credit Purchase Application* and *Certification by Former Employer and/or Retirement Plan* (if applicable)

- Submit application online through member account
- Mail application to PERA
  - PO Box 5800, Denver, CO 80217-5800
- Fax application to PERA
  - 303-863-3727

***Service Credit Purchase Agreement* is valid for only a limited time**

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Contact Colorado PERA

Web address

» www.copera.org

Mailing address

» PO Box 5800, Denver, CO 80217-5800

Office locations

» 1301 Pennsylvania Street, Denver

» 1120 West 122nd Avenue, Westminster

Phone number

» 1-800-759-PERA (7372)

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Survey

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- Scan this QR code on your smartphone to take our survey.

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