Defining Purchased Service
Purchased Service, commonly referred to as buy-back, is previous full-time or part-time public service that was rendered before you became a member of a public retirement system in New York City or New York State and that has been fully paid for and credited. This brochure describes the benefits and the process for purchasing previous public service.

Benefits of Purchased Service
For Tier 3 and 4 members, except participants of the Transit 25-Year/Age 55 Plan, purchased service may accelerate the cessation of Basic Member Contributions. Basic Member Contributions are no longer required after you have either accumulated 10 years of Credited Service or reached your tenth anniversary of membership in NYCERS.

In all tiers, purchasing previous service will generally increase your retirement benefit. For example, the retirement benefit for Tier 4 members in certain plans (62-5, 57-5, and 55-25) who have less than 20 years of Credited Service is calculated at 1.67% of Final Average Salary per year. Upon purchasing enough service to reach 20 years, the percentage increases to 2%.

Purchased service will NOT increase your retirement benefit under your current plan if:

• You are in a special plan that requires “Allowable Service” and the service you wish to buy back is not creditable, such as in the Tier 4 and Tier 6 Transit 25/55 Plan (see your plan brochure to find out if your service is Allowable or Credited). Note, however, that if you cannot meet the service requirements under your current plan, you may purchase service in order to retire under your underlying plan.

• You are in a plan that limits your retirement benefit calculation to a maximum number of years and you have already attained that number of years, or the amount of previous service you wish to buy back will bring your total Credited Service to more than the maximum number of years.

If you are unsure of the rules under your plan, contact NYCERS’ Call Center at (347) 643-3000 or visit NYCERS’ Walk-in Center at 340 Jay Street in downtown Brooklyn before you apply for buy-back.

Note: Purchasing previous public service does not change your membership date. Members who had a prior membership in a New York City or New York State retirement system which was terminated can apply to reinstate that membership. In this case, not only will previous service be credited, but the original date of membership will be restored. Please read Membership Reinstatement Brochure #905 for more information.

Eligibility
Generally, members must be in active payroll status to be eligible to apply for buy-back. Service is credited only after the completion of two full years of membership service, and must be paid for prior to being credited. Membership service is service rendered in a NYCERS-eligible position while a NYCERS member, transferred service, and purchased military service. Please see the ESTIMATING COST and PAYMENT OPTIONS sections below for details.

The following exceptions apply:
Members who have left City service with at least two years of membership service but whose memberships have not been terminated may apply for buy-back after leaving City service. Such members may purchase only enough credit to reach the minimum service required to vest or apply for ordinary disability.

Members who are laid off for economic reasons will be deemed to be on payroll for an additional 90 days from the date of layoff in order to purchase service. If you file a buy-back application within 90 days of being laid off, you may purchase as much previous
service as you wish. If you file after the 90-day period, you may buy back only enough service to vest or to apply for ordinary disability provided your claim is received by NYCERS before your membership is terminated. The termination will occur five years after you have left City service if you are not vested. A layoff letter from your employer must accompany your application.

Service That May Be Purchased

**Tier 1 members** may purchase only New York City service rendered in a NYCERS-eligible title prior to their NYCERS membership.

**Tier 2, 3, 4 and 6 members** may purchase public service rendered in New York City or State in a position that would have been eligible for membership in a New York City or State public retirement system, or in a position that otherwise would have been creditable in such system(s).

All Tiers: Members who were in the U.S. Military may be allowed to purchase service for time spent in military service under Federal or State laws. Each law has different provisions for granting service, and you are entitled to receive credit under whatever law provides you with the greatest benefit. Under all provisions, military service must have been satisfactorily completed and a discharge under honorable circumstances received. See Military Buy-back Brochure #902 to determine if you are eligible to purchase credit for your military service.

Generally, service for time spent off payroll, including an approved leave of absence without pay, **cannot** be purchased except:

(a) **Tier 1, 2 or 3 Uniformed Correction Force only**: Members in Uniformed Correction Force titles may purchase up to one year of service credit for each instance of authorized child care leave. In order to purchase credit for child care leave, you must be in active service and apply within 90 days of termination of the child care leave by filing an Application to Purchase Service for Child Care Leave Form #246, and pay an amount equal to what your required contributions would have been during the child care leave, plus accrued interest.

(b) **New York City Carpenters and Supervisory Carpenters** who were laid off because of economy measures on or after June 1, 1991 and who returned to service prior to July 1, 1993 may purchase the period of time they were laid off. Such layoff shall not have been longer than 25 months.

(c) **New York City Parks Department employees** in the title of Climber and Pruner who were laid off because of economy measures on or after July 1, 1991 and who returned to service prior to July 1, 1995 may purchase the period of time they were laid off. The length of layoff service eligible for purchase cannot exceed 25 months.

(d) **Members employed with the School Construction Authority** who were laid off due to economic measures on or after December 1, 2002 and who returned to service prior to January 8, 2008 may purchase the period of time during which they were laid off.

(e) **Members of the NYC Department of Correction** who had been suspended for economic reasons on or after May 1, 2003 and returned to service prior to July 1, 2004 may purchase the time spent on suspension.

(f) **Members of the Uniformed Force of the NYC Department of Sanitation** who were laid off for economic reasons on or after July 1, 1990 and returned to service may purchase the period of time during which they were laid off, not to exceed 33 months.

(g) **Members of the T25/55 Plan** who were placed on a preferred eligible list during the period between 5/11/2010 and 7/25/2012 by reason of the abolition of their position, may purchase the service for the time period that they were on the preferred eligible list.

All Tiers: Service rendered while a member of a retirement system in a state other than New York, or with the Federal government, **cannot** be purchased.

Members on Union Leave and certain members employed by the Triborough Bridge and Tunnel Authority and the NYC Transit Authority who are off payroll receiving Workers' Compensation, are eligible to receive service credit for this time spent off payroll. Although members are required to pay for this service (if contributions are required), it is more akin to a deficit than a buy-back.
Estimating the Cost

Tier 3 and 4 members who have activated their MyNYCERS account and registered their PIN can use the online Buy-Back Calculator to obtain an estimated cost. You can input various dates, salary amounts and other scenarios to compare costs. Keep in mind, though, that these are only estimates. The true cost of purchasing service can be determined only by submitting a buy-back application to NYCERS (see APPLYING FOR BUY-BACK below).

For Tier 1 and 2 members, the cost to buy back previous service is based on your current earnings.

For Tier 3, Tier 4, and 22-Year Plan members: The cost is based on the wages earned during the period claimed, times your Basic Member Contribution (BMC) rate, plus 5% interest, compounded annually. Participants in a Tier 4 Chapter 96 Plan (55/25 plan, only for those with a membership date after July 1, 1993: 57/5 plan) must also pay Additional Member Contributions (AMCs) on wages earned during the period claimed and at the rate in effect during the time being purchased, plus 5% interest, compounded annually. The sooner you apply and pay for previous service, the less interest you will have to pay.

For Tier 6 Basic Plan and Tier 6 Special Plan members, the cost is 6% of the wages you earned during the period claimed, plus 5% interest, compounded annually.

Applying for Buy-Back

NYCERS offers you two ways to apply to purchase previous service:

1) Apply online after activating your MyNYCERS account and registering your PIN, or
2) Download the application from www.NYCERS.org (Form #241) and mail to 30-30 47th Ave., 10th Floor, Long Island City, NY 11101, or bring it to NYCERS' Walk-in Center at 340 Jay Street in downtown Brooklyn. You may also need your agency to fill out Departmental Certificate Form #242.

If you have payroll records – W-2s, salary history, and employment history or roster card – you can speed up the process by providing these documents yourself. Otherwise, upon receipt of your application NYCERS will contact your New York City/State employer(s) to verify your earnings and service history. If the information is not available for any reason, you will be responsible for obtaining the information and submitting it to NYCERS.

NYCERS will review all documents related to your claim, calculate the costs and send you a cost letter describing your payment options. This letter is time-sensitive. Please read it carefully.

Your buy-back application must be filed before your retirement date or before you leave City service. If you have been considering buy-back and are approaching retirement, we strongly urge you to file your buy-back application as soon as possible.

Payment Options

The payment options to purchase previous service are:

(a) A lump-sum payment, OR
(b) Payroll deductions, OR
(c) A direct rollover of funds from a NYC Deferred Compensation Plan or Individual Retirement Account. Rollover instructions are included in the cost letter, OR
(d) Partial lump-sum payment or rollover combined with payroll deductions.

Tier 1 and 2 members: If payment is made through payroll deductions, the amount deducted is based on your current earnings and full rate of contribution for a period equal to the service being purchased.

Only Tier 3, 4 and 6 members may elect to change the period of time and/or the dollar amount deducted from their paycheck by submitting a Request to Adjust Payment for the Purchase of Pre-Member or Military Service Form #237.
Regardless of your Tier, if you do not remit payment or cancel your buy-back application by the time referenced in the cost letter, payroll deductions will begin automatically. If you elect to purchase your time through payroll deductions and later wish to pay the balance in a lump sum, you may file a Request for a Lump-Sum Payoff Balance for the Purchase of Pre-Member or Military Service Form #240 and a payoff amount will be calculated and sent to you.

Note: There is no tax advantage to buying back time through payroll deductions. Unlike current pension deductions, payments for previous service are not eligible for Federal income tax deferral [IRC Section 414(h)]. If you pay for your previous service through payroll deductions, those deductions are subject to Federal, state and local income taxes.

**ANY MONIES PAID OR DEDUCTED FOR THE PURCHASE OF PREVIOUS SERVICE ARE NOT REFUNDABLE.**

**Canceling the Buy-Back**
If you wish to cancel your application, you must file a Request to Cancel Application for the Purchase of Pre-Member or Military Service Form #238 prior to the date payroll deductions are scheduled to begin. You may file another application at a later date, but it must be prior to retirement and submitted while on payroll (unless one of the off-payroll exceptions apply). If payroll deductions have begun, you may cancel the deductions by filing a Request to Cancel Current Pre-Member or Military Service Payroll Deductions Form #239. You will receive credit for service you purchased up to the effective cancellation date.

**Receiving Credit for Previous Service**
**Tier 1 Members:** Purchased service is credited as you pay for it, whether by payroll deductions or in a lump sum.

**Tier 2, 3, 4 and 6 Members:** Purchased service is credited when the buy-back is paid for and you have completed two full years of membership service, which includes service rendered while a NYCERS member, transferred service, and purchased military service.

If you leave City service before paying off the full buy-back amount, you will receive credit for any time already paid in full. You may complete payment on your claimed service later, but it must occur before the termination of your membership or your retirement benefit is finalized.

**Windfall Elimination Provision**
Under Social Security regulations, the Windfall Elimination Provision may reduce your Social Security benefits if you are purchasing years of service during which you did not pay the Social Security (FICA) tax. NYCERS cannot advise you on this topic. For more information, visit www.socialsecurity.gov and download SSA Publication No. 05-10045.