

# Service Credit for Tiers III/IV Members



Your Total Service Credit is one of the factors used to determine your eligibility for a retirement allowance under the Qualified Pension Plan (QPP), as well as the amount of your benefits. In general, you earn credit toward your retirement benefits when you make your mandatory pension contributions to the QPP while you are working. In addition, you may purchase credit for other service, including service you rendered before becoming a TRS member; such purchase is optional.

You may receive a maximum of one year's service credit for a given school year (360 calendar days), regardless of the number of positions you held during that year. Any additional creditable service would not count toward determining your eligibility for a retirement allowance; however, any additional salary earned could be considered in determining the amount of your retirement benefits. In most cases, you can learn how much Total Service Credit you had as of the previous June 30 by referring to your most recent Annual Benefits Statement (ABS).

This brochure summarizes the different types of service for which you may receive credit. For more detailed information about each type of service, costs, and payment options, please refer to the following related brochures, which are available on our website: *Mandatory Service Credit*, *Optional Service Credit*, and *Military Service Credit*.

## **TYPES OF SERVICE**

There are two basic categories of service for Tiers III/IV members: "mandatory" service and "optional" service. Members may choose to purchase credit for optional service, while pension

contributions are required (with certain exceptions) for mandatory service. For periods when pension contributions are required but not made, a "deficit" may result; payment for any deficits is mandatory.

In general, "mandatory" service for Tiers III/IV members includes the following:

- **Membership Service:** Any credited service you render as a TRS member. Your pension contributions are based on factors such as your membership date, your title, and your employer, and are paid through automatic payroll deductions. Your contributions earn 5% interest, and are federally tax-deferred.

Membership service includes any per session service (such as tutoring, coaching, or teaching in summer school) you rendered on or after November 24, 1998 as an employee of the New York City Department of Education (DOE) or a participating Charter School.

- **Transferred Service:** Any service you transfer from an eligible retirement system to TRS as part of a membership transfer.

Note: Pension contributions are also required for any class coverage work (for covering a class outside your regular schedule) for which you were paid on or after September 1, 1993. Class coverage work does not earn service credit.

In general, "optional" service for Tiers III/IV members includes the following:

- **Prior Service:** Any creditable service you rendered with a New York City and/or New York State public employer before joining TRS that was not transferred to TRS.

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## SERVICE PURCHASE AND DEFICITS FOR TIERS III/IV MEMBERS

For membership service (the service you render as a TRS member), any required pension contributions to TRS are deducted automatically from your pay; see the **Mandatory** rows below. In “deficit” situations, you must make up for missed contributions. For other types of service, you may choose to purchase credit; see the **Optional** rows below. The following chart summarizes the different types of creditable service (and deficits) for Tiers III/IV members and provides general information on the cost.

|                  | Service   | Eligibility  | Crediting (a)   | Base Cost (b)  | Additional Cost (c)<br>(for Age 55 Retirement Program Participants)                     | Payment Options (d) |
|------------------|---|--|---|--|---|---------------------|
| <b>Mandatory</b> | Membership Service (Deficit)  | - Payment is mandatory   | - Immediate   | - 3% of your gross pensionable compensation during the time the service was rendered   | - 1.85% of your gross pensionable compensation during the time the service was rendered | ❶ ❹                 |
|                  | Membership Service (Deficit) for Per Session Service and Class Coverage Work                            | - Payment is mandatory   | - Immediate   | - 3% of your gross pensionable compensation representing the applicable service/work   | - 1.85% of your gross pensionable compensation representing the applicable service/work | ❶ ❹                 |
|                  | Transfer-in Service (Deficit)   | - Payment is mandatory   | - Immediate   | - The cost of your transfer-in service deficit would be calculated by your previous retirement system, including any applicable interest.  | N/A   | ❶ ❹                 |
| <b>Optional</b>  | Prior Service   | - Purchase is optional<br>- Service must meet certain eligibility criteria | - After service is verified<br>- After at least 2 years of membership service (e)<br>- Upon payment                   | - 3% of your gross pensionable compensation during the time the service was rendered   | - 1.85% of your gross pensionable compensation during the time the service was rendered | ❶ ❸ ❹ ❺ ❻           |
|                  | Amman Service   | - Purchase is optional<br>- Must return to active service before purchase  | - After service is verified<br>- Upon payment (if applicable) (f)   | - 3% of your gross pensionable compensation during the time the service was rendered   | - 1.85% of your gross pensionable compensation during the time the service was rendered | ❶ ❸ ❹ ❺ ❻           |
|                  | Other New York City and/or New York State Service   | - Purchase is optional<br>- Must return to active service before purchase  | - After service is verified<br>- Upon payment (if applicable) (f)   | - 3% of your gross pensionable compensation during the time the service was rendered   | <i>If any further costs are determined, TRS would notify you.</i>                       | ❶ ❸ ❹ ❺ ❻           |
|                  | Military Service – FRRA   | - Purchase is optional<br>- Service must meet certain eligibility criteria | - After service is verified<br>- After at least 2 years of membership service<br>- Upon payment                       | - 3% of your gross pensionable compensation during the 12 months preceding your request<br>- Multiplied by amount of eligible military service for which you are requesting credit | <i>If any further costs are determined, TRS would notify you.</i>                       | ❶ ❸ ❹ ❺             |
|                  | Military Service – Article 20   | - Purchase is optional<br>- Service must meet certain eligibility criteria | - After service is verified<br>- After at least 5 years of Total Service Credit<br>- Upon payment (if applicable) (f) | - 3% of your gross pensionable compensation during the 12 months preceding your request<br>- Multiplied by amount of eligible military service for which you are requesting credit | <i>If any further costs are determined, TRS would notify you.</i>                       | ❶ ❸ ❹ ❺             |
|                  | Military Service – Leave of Absence   | - Purchase is optional<br>- Eligible under certain limited circumstances   | - After service is verified<br>- Upon full payment (if applicable) (f)  | - 3% contributions that would have been made during the leave period   | <i>If any further costs are determined, TRS would notify you.</i>                       | ❶ ❷ ❸ ❹ ❺           |
|                  | Leaves of Absence Without Pay (non-military)<br>- Officer or staff member of collective bargaining unit | - Purchase is optional<br>- Eligible under certain limited circumstances   | - Amount of credit for non-military leave of absence may be restricted  | - 3% contributions that would have been made during the leave period   | - 1.85% contributions that would have been made during the leave period                 | ❶ ❹                 |

(a) Credit is limited to a maximum of 360 calendar days per school year for all types of service. Additional restrictions may also apply for certain types of service.

(b) The base cost also includes applicable interest, except in the case of Military Service – Article 20.

(c) The additional cost represents Additional Member Contributions (AMCs) required under the Age 55 Retirement Program (plus applicable interest).

(d) Payment options include: ❶ Lump-sum payment by check; ❷ Two equal lump-sum payments by check; ❸ Transfer of funds from an external NYS- or NYC-sponsored Section 403(b) or Section 457 Plan; ❹ Transfer of funds from your TRS TDA account; ❺ Combined transfer from your TRS TDA account and lump-sum payment; and ❻ Payment plan of payroll deductions. The payment options available to you will be indicated in your Cost Letter and accompanying election form.

(e) Tiers III/IV members must attain the full 2 years of membership service in order for prior service to be credited or applied toward vesting or retirement rights.

(f) Payment is required if pension contributions were required at the time the service was rendered.

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- **Amman Service:** Regular substitute teaching and/or per diem service you rendered with a New York City public employer during a leave of absence from your TRS-eligible position or after separating from service.
- **Other New York City and/or New York State Service:** Other service you rendered with a New York City and/or New York State public employer during a leave of absence from your TRS-eligible position or after separating from service. Such service must be in a position that would not qualify you for TRS membership and that was not regular substitute teaching or per diem service.
- **Military Service:** Eligible military service that a) interrupted your service as a substitute teacher; b) was performed during specified periods of military conflicts, even if you were not a TRS member at that time; or c) was performed during certain leaves of absence without pay.
- **Leaves of Absence Without Pay:** Periods that may be creditable under limited circumstances.

## DOCUMENTATION OF SERVICE

If you have optional service for which you would like to purchase service credit, you should notify TRS. TRS will request documentation of the service from you (and/or your former employer), evaluate your service claim, and notify you of the cost of any creditable service. This process differs depending on the type of service you are claiming; please see the *Optional Service Credit* brochure for details. However, for all service claims, TRS encourages you to submit documentation verifying the service for which you are claiming credit; doing so would expedite our evaluation of your service claim.

Submitted documentation must meet **all** of the following criteria:

- The documentation must be on official letterhead from the employer for whom you rendered the service; **and**
- The documentation must contain the exact time period(s) of service (e.g., total hours or days worked) with a year-by-year breakdown; **and**
- The documentation must show the status of your employment during the service rendered (e.g., full-time or part-time); **and**
- The documentation must detail your salary history and title(s) during the service rendered (e.g., showing the effective date of any annual salary, hourly rate, or title changes).

Please note that Social Security earnings statements and W-2 forms are not sufficient to document service credit since they do not provide information about exact titles, employment status, and hours worked. Please also note that documentation requirements for military service credit may be different, as outlined in the *Military Service Credit* brochure. Documentation of mandatory service is not required.

## **FOR MORE INFORMATION**

If you would like additional assistance regarding service credit, you may contact TRS' Member Services Center at 1 (888) 8-NYC-TRS. You may also write to TRS' Member Status Unit at 55 Water Street, New York, NY 10041. Please keep a copy of any correspondence for your records.

For your convenience, TRS forms and publications are available on our website.  
If you require additional assistance, we encourage you to contact our Member Services Center at 1 (888) 8-NYC-TRS.

*This publication should not be solely relied upon, as it is based on currently available information that is subject to change. TRS suggests that you consult with an attorney and/or a tax advisor if you have any specific legal or tax questions concerning this information. In all cases, the specific provisions of the governing laws, rules, and regulations prevail.*



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