

transfer can be purchased by paying to PSRS the PSRS calculated actuarial value of the remaining credit. This cost is currently calculated using the “basic cost calculation” described earlier.

Reciprocity Purchase Only

If you are vested with PSRS but not the other system, you can forfeit the credit in the other system and buy it with PSRS. The cost to do so is the PSRS calculated actuarial value of the credit and is currently the “basic cost calculation” described earlier.

Missouri Educational Recognition of Credit Between Systems

If you are a vested member or a retiree of two or more of these public school retirement systems (PSRS, the Public Education Employee Retirement System (PEERS), St. Louis or Kansas City), you may be eligible to combine credit from these systems to reach retirement eligibility. While combining the credit may make you eligible to retire earlier or at a higher formula, your PSRS benefit is calculated using only years of credit and salaries on record with PSRS.

Example: A 55-year-old PSRS member with 20 years of credit with PSRS and 10 years of credit with the Public School Retirement System of the City of St. Louis may recognize credit between systems and be eligible to apply the full benefit formula factor immediately when calculating his or her PSRS benefit based on 20 years of service with PSRS. Without recognizing credit between systems, the PSRS member’s benefit is actuarially age-reduced because he or she is not yet age 60, does not have 30 years of credit with PSRS, and does not meet the PSRS Rule of 80 criteria.

If you are not eligible to combine credit using this provision, you may be eligible to purchase and/or transfer with PSRS, credit established with these systems. See purchase information concerning refunded PEERS credit, Reciprocity Transfer/Purchase, and non-PSRS-covered school employment detailed earlier in this brochure..

Leave Purchases Not Covered Under the Basic Cost Calculation

Leave of Absence

Credit for a leave of absence must be purchased in the year it occurs. If you are granted leave (other than sick leave) with your employer paying at least 50% of your regular salary, you can receive full credit during the leave, if your employer withholds and remits the employer and employee contributions that would have been remitted on the **full** salary payable had you been working. Notify your employer in advance if you want to receive credit for the leave.

Unpaid Sick Leave or Workers' Compensation Leave

If you have been on unpaid sick leave or your salary has been docked for time covered by workers' compensation during the current or either of the previous two school years, you may be eligible to purchase all of the leave through your employer. Contact your employer to arrange payment of the employee contributions that would have been remitted during the leave. The employer will then remit both the employee and employer contributions to PSRS. You must purchase the total amount of credit for time you were on unpaid sick or workers' compensation leave.

USERRA – Uniformed Services Employment and Reemployment Rights Act of 1994

USERRA-covered service includes service in the U.S. Armed Forces, the National Guard or other service categories designated by the President in time of war or emergency. If the leave was USERRA-covered service and the same employer reemployed you in accordance with the USERRA regulations, you may be eligible to buy up to five years of credit for the service, provided you apply within five years of reemployment.

Is a Credit Purchase a Good Buy?

A credit purchase may or may not be a good buy. This depends largely on your individual career statistics and personal circumstances. In almost all cases, a credit purchase will increase your monthly benefit unless you have reached 100% of your Final Average Salary (39.21569 years of credit). In some cases it may allow you to retire earlier.

If the cost to purchase credit is calculated using the “basic cost calculation,” it may make sense to apply to purchase credit earlier in your career since the longer you work in PSRS-covered employment, the more likely your salary may increase, and that the contribution rate may increase. The higher your highest annual salary rate on record with PSRS, the more the credit will cost.

A credit purchase can be quite expensive and its potential worth can vary greatly from member to member, based in part on your personal circumstances, plans and goals. You should weigh the purchase cost against all potential benefits the additional credit provides.*

How Do I Pay for It?

You can make purchase payments by personal check, cashier's check, money order, or through the use of a tax-deferred rollover or in-service trustee-to-trustee transfer of funds.

In most cases, it is advisable to use tax-deferred retirement options such as 403(b), 457, 401(k), or other qualified plans, to accumulate funds for the purchase so that you can pay for any credit as soon as possible after you make application with PSRS. Directly transferring funds from qualified plans can protect the tax-deferred status of the funds and avoids tax payments and/or tax penalties at the time of transfer. We suggest that you contact a tax professional of your choice for guidance concerning this issue.

*Use the worksheet below to help you determine if purchasing credit is to your financial advantage. There may be a variety of reasons for you to consider purchasing credit. This worksheet helps you analyze the most fundamental of all reasons – how long it takes you to recover your purchase cost after you retire.

Worksheet

Monthly benefit with purchasing credit	1	\$ _____
Monthly benefit without purchasing credit	2	\$ _____
Subtract Line 2 from Line 1	3	\$ _____
<i>Line 3 is the difference in your monthly benefit</i>		
Cost to purchase credit	4	\$ _____
Divide Line 4 by Line 3	5	_____
<i>Line 5 is the number of months it takes to recover your cost.</i>		

Example

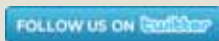
Monthly benefit with purchasing credit	1	\$ 3,250
Monthly benefit without purchasing credit	2	\$ 3,125
Subtract Line 2 from Line 1	3	\$ 125
<i>Line 3 is the difference in your monthly benefit</i>		
Cost to purchase credit	4	\$ 7,500
Divide Line 4 by Line 3	5	60
<i>Line 5 is the number of months it takes to recover your cost.</i>		

Contact Us

This brochure is not intended to serve as a legal document or a substitute for the law or regulations governing PSRS.

For further information, please refer to the PSRS *Member Handbook*, contact us at our office in Jefferson City or visit us online.

www.psr-speers.org



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