

Legislation passed during the 2019 Minnesota legislative session provides PERA members the option to purchase service credit for one or more periods while in the uniformed services, as defined in United States Code, title 38, section 4301 (13). The eligible purchase is for military leave period(s) that occurred (1) before becoming a public employee, or (2) during public employment covered by a PERA pension plan if you missed the original purchase timeframe under Minn. Stat. § 353.014.

### DO I QUALIFY TO MAKE THE PURCHASE?

- ✓ You must be active in your current PERA-covered position for at least six months.
- ✓ You must have at least three years of total allowable PERA service.
- ✗ The purchase is not allowed if you earned service credit in PERA or another Minnesota public pension plan for the same service period(s) as the military leave period(s), or you were not honorably discharged.

### WHAT WILL I PURCHASE?

- You must purchase the entire military period if it is one year or less. If the period is more than one year, you may purchase at least one year plus additional six month increments. You may purchase multiple leave periods. However, the total cumulative purchase may not exceed five years.
- The purchase is for service credit only during your military leave.
  - The military leave service credit purchase does not impact your high-five salary calculation.
  - If the military leave period(s) occurred before July 1, 1989, the purchase does not grant pre-89 benefit eligibility.
- For a military period prior to becoming a public employee, you can choose which plan to apply the service credit towards if you have more than one PERA defined benefit plan. The purchase cost will vary depending on the plan. If the purchase occurred during public employment, the purchase would apply to the plan you were contributing to when you missed the original purchase timeframe.
- The purchase may not be used to determine or calculate a PERA disability benefit.

### WHAT WILL THE PURCHASE COST BE?

The cost is the actuarial present value of the increase in your future monthly benefit due to the service purchase.

*Note: If the purchase period(s) occurred during public employment, we also calculate the sum of missing contributions plus interest, and the purchase cost will be the higher of the two calculation methods.*

The purchase amount is dependent on your specific situation. However, cost examples are on the back of this publication for your convenience. Cost examples are for illustrative purposes only and are intended to provide an estimate of the potential cost. To receive purchase estimates, you will need to apply for a purchase cost calculation.

### HOW DO I APPLY FOR A PURCHASE COST CALCULATION?

- 1 Complete the enclosed actuarial military purchase application.
- 2 If you make the purchase, the administrative fee will apply toward the purchase payment amount. If you do not make the purchase, the administrative fee will be credited to PERA's general ledger and not to your account balance.
- 3 Include a copy of your DD Form 214, Certificate of Release or Discharge from Active Duty form for each requested military period.

### PAYMENT INFORMATION:

If you apply for the purchase cost calculation, the amount provided will be valid for 90 days from the date of the purchase estimate letter, or up to your termination of public employment under PERA, whichever is earlier. The purchase must be made in full.



### REFUND OF ACTUARIAL PURCHASE:

- For military leave period(s) that occurred during public employment, a refund of the purchase is allowed based on refund provisions in the Plan.
- A refund is not allowed for military leave period(s) that occurred before becoming a public employee.

## ACTUARIAL PURCHASE COST EXAMPLES

Cost examples are for illustrative purposes only and are intended to provide an estimate of the potential cost. The purchase amount is dependent on your specific situation. To receive cost estimates, you will need to apply for a purchase cost calculation.

### EXAMPLE 1: POLICE & FIRE PLAN MEMBER

High 5 salary **\$100,000**, 25 years current service, purchase 1 year military service

#### SCENARIO A: RETIRE AT AGE 55

**Benefit without purchase:** \$6,250    **Change in benefit:** \$250  
**Benefit with purchase:** \$6,500    **Cost at age 55:** \$37,000

For \$37,000, the member purchases 1 year of service and gains a benefit increase of \$250/month. You would recover the cost of the purchase in 148 monthly payments (\$37,000 divided by \$250).

#### SCENARIO B: RETIRE AT AGE 50

**Benefit without purchase:** \$4,687    **Change in benefit:** \$187  
**Benefit with purchase:** \$4,875    **Cost at age 50:** \$29,000

For \$29,000, the member purchases 1 year of service and gains a benefit increase of \$187/month. You would recover the cost of the purchase in 156 monthly payments (\$29,000 divided by \$187).

### EXAMPLE 2: GENERAL PLAN MEMBER

High 5 salary **\$75,000**, 34 years current service, purchase 1 year military service

#### SCENARIO A: RETIRE AT AGE 65 (FULL RETIREMENT)

**Benefit without purchase:** \$3,612    **Change in benefit:** \$106  
**Benefit with purchase:** \$3,718    **Cost at age 65:** \$15,000

For \$15,000, the member purchases 1 year of service and gains a benefit increase of \$106/month. You would recover the cost of the purchase in 142 monthly payments (\$15,000 divided by \$106).

#### SCENARIO B: RETIRE AT AGE 55

(MEMBER WAS A PUBLIC EMPLOYEE PRIOR TO 7/1/1989)

**Benefit without purchase:** \$2,607    **Change in benefit:** \$799  
**Benefit with purchase:** \$3,406    **Cost at age 55:** \$129,000

For \$129,000, the member purchases 1 year of service, reaches Rule of 90, and gains a benefit increase of \$799/month. You would recover the cost of the purchase in 162 monthly payments (\$129,000 divided by \$799).

**Note:** If the military leave period(s) occurred prior to July 1, 1989, the purchase does not grant pre-89 benefit eligibility.

### EXAMPLE 3: CORRECTIONAL PLAN MEMBER

High 5 salary **\$85,000**, 20 years current service, purchase 1 year military service

#### SCENARIO A: RETIRE AT AGE 55

**Benefit without purchase:** \$2,691    **Change in benefit:** \$134  
**Benefit with purchase:** \$2,826    **Cost at age 55:** \$23,000

For \$23,000, the member purchases 1 year of service and gains a benefit increase of \$134/month. You would recover the cost of the purchase in 172 monthly payments (\$23,000 divided by \$134).

#### SCENARIO B: RETIRE AT AGE 50

**Benefit without purchase:** \$1,733    **Change in benefit:** \$86  
**Benefit with purchase:** \$1,819    **Cost at age 50:** \$16,000

For \$16,000, the member purchases 1 year of service and gains a benefit increase of \$86/month. You would recover the cost of the purchase in 187 monthly payments (\$16,000 divided by \$86).



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07/16/2020