Date: August 8, 2019
To: PERA Board of Trustees
From: Andrea Murphy, Benefit Services
Subject: Actuarial Military Service Purchase

Legislation passed during the 2019 Minnesota legislative session provides PERA members the option to actuarially purchase military service credit for one or more military leave period(s), up to a maximum of 5 cumulative years of service credit per Minn. Stat. § 353.0141.

Since the enactment of the legislation, PERA staff has worked diligently to develop streamlined procedures to (1) communicate the purchase option to stakeholders (members and employers), (2) calculate cost estimates, and (3) process actuarial purchases for the military period. The process has impacted all divisions of PERA:

- **Executive Team and Policy Coordinator**: PERA’s Executive Team and Policy Coordinator worked with the LCPR, legislators, and stakeholders during the drafting of the military service purchase legislation. After the passage and signage of the 2019 Omnibus Retirement Bill, articles were included on PERA’s website and the member newsletter to inform members and employers of the new statute. Staff continues to discuss the purchase option with stakeholders, review correspondence to member and employers, and assist with PERA processes.

- **Member Services**: To date, PERA staff has answered hundreds of calls about the military service purchase, providing details of the purchase option and sending requested information packets to interested members. The enclosed *Actuarial Military Purchase* fact sheet is included in the informational packet, which includes eligibility requirements, purchase information, and cost examples. Staff are also counseling members in the office regarding the military service purchase option.

- **Benefit Services**: The Benefit Services team determined the actuarial calculations needed to ensure the cost assessed to the member is the full actuarial cost to the Plan and developed calculation procedures to process a member’s request for personal cost estimates. Benefit Services has also developed the enclosed *Benefit Estimate with Purchase Cost* letter to inform members of the actual purchase cost and payment procedures.

- **Finance**: In collaboration with Benefit Services, Finance helped determine the process for the $250 administrative fee and potential full purchase costs.

- **Account Information Management**: PERA staff has answered calls from employers regarding the purchase. The enclosed *Employer Military Purchase* fact sheet has been developed to help employers understand the eligibility and requirements for this purchase option.
• **Information Systems:** The enclosed *Informational Letter and Cost Application* was created by Information Systems and is auto-generated in the member’s account through our CAMI system.

As of July 31, 2019, one month since the enactment of the legislation, PERA staff have processed the following:

<table>
<thead>
<tr>
<th>PERA Administration:</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERA Mailed General Information</td>
<td>94</td>
</tr>
<tr>
<td>Members Applied for Purchase Cost</td>
<td>18</td>
</tr>
<tr>
<td>PERA Mailed Personal Cost Estimates</td>
<td>9</td>
</tr>
<tr>
<td>Member Purchased Service</td>
<td>1</td>
</tr>
</tbody>
</table>

PERA will continue to monitor the process and make adjustments as we learn more about member interest in the purchase option.
August 1, 2019

Dear:

Thank you for contacting us about your military leave. Legislation passed during the 2019 Minnesota legislative session provides PERA members the option to purchase service credit for one or more military leave period(s), up to a maximum of 5 cumulative years of service credit.

The eligible purchase is for military leave period(s) that occurred:
- before becoming a public employee,
- during public employment covered by a PERA pension plan, and you missed the original purchase timeframe under Minn. Stat. § 353.014.

Please review the enclosed publication, Actuarial Military Purchase, for eligibility and purchase requirements. Purchase cost examples are also provided in the publication for your convenience. Cost examples are for illustrative purposes only and are intended to provide an estimate of potential cost.

To apply for a personal purchase cost calculation, please complete the enclosed application form. Send PERA the completed application, a check in the amount of $250 payable to “PERA”, and a legible copy of your DD Form 214, Certificate of Release or Discharge from Active Duty form. If you provide PERA multiple military leave periods, PERA will combine all periods and calculate one purchase cost, up to a cumulative 5 years.

If you make the purchase, the administrative fee will be credited toward the purchase payment amount. If you do not make the purchase, the administrative fee will not be reimbursed. It will be credited to PERA’s general ledger and not to your account balance.

If you have any questions, please contact a PERA Service Representative.

Sincerely,

Benefit Services Center
INSTRUCTIONS: Complete and sign this form for PERA to calculate your military purchase cost. Along with this application, you will also need to submit a copy of your DD Form 214, Certificate of Release or Discharge from Active Duty form(s) and a check in the amount of $250 payable to “PERA”. Send this form, $250 payment, and military discharge paperwork to PERA.

DATA PRIVACY NOTICE: PERA is asking for private data in order to process your request. You are not legally required to provide this information and may refuse to provide all or some of the information requested. However, PERA may not be able to process your request if you do not provide sufficient information. Access to this information is available to you, the PERA staff who process your request, and other entities only as authorized by law or pursuant to a court order.

Personal Information

Name—Last, First, Middle Initial   PERA ID Number

Phone Number    Last four digits of Social Security Number

Address—Street, City, State, and Zip Code

Application Checklist

☐ Provide an estimated benefit start date (or age): _____________________________. We will use this date to provide you estimates with and without the purchase, along with the cost information.

☐ Enclose a legible copy of your DD Form 214, Certificate of Release or Discharge from Active Duty form for each requested military period. If you provide PERA multiple military leave periods, PERA will combine all periods and calculate one purchase cost, up to a cumulative 5 years.

☐ Include a check in the amount of $250 payable to “PERA” for the military purchase administrative fee for the purchase calculation. If you make the purchase, the administrative fee will be credited toward the purchase payment amount. If you do not make the purchase, the administrative fee will not be reimbursed. It will be credited to PERA’s general ledger and not to your account balance.

☐ If the military period is prior to becoming a public employee and you have multiple PERA Plans, please specify which Plan you want to apply the military service credit purchase: ____________________________

☐ Mail or drop off this form and required documents to PERA, 60 Empire Drive Suite 200, Saint Paul MN 55103-2088

Member Signature

IMPORTANT: FORM MUST BE SIGNED TO BE VALID

I understand that purchase cost amount is valid for 90 days from the date of the purchase estimate letter, or up to my termination of public employment under PERA, whichever is earlier.

I understand that if I make the purchase, the administrative fee will be credited toward the purchase payment amount. If I do not make the purchase, the administrative fee will not be reimbursed. It will be credited to PERA’s general ledger and not to my account balance.

I give PERA permission to request and receive necessary verification of applicable facts and eligibility requirements for the military purchase.

Signature of Member    Date

60 Empire Drive, Suite 200  Member: 651.296.7460 or 1.800.852.9026
St. Paul, MN 55103-2088  Employer: 851.296.3636 or 1.888.892.7372
Equal Opportunity Employer
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.

WHAT WILL I PURCHASE?

- The minimum purchase is one full period of military service based on your DD Form 214, Certificate of Release or Discharge from Active Duty form. 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. Enclose a check for $250 payable to “PERA” for the purchase calculation. 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. If you provide PERA multiple military leave periods, PERA will combine all periods and calculate one purchase cost, up to a maximum of five years.

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

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Benefit without purchase</th>
<th>Change in benefit</th>
<th>Benefit with purchase</th>
<th>Cost at 55</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Retire at Age 55</td>
<td>$6,250</td>
<td>$250</td>
<td>$6,500</td>
<td>$37,000</td>
</tr>
</tbody>
</table>

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).

EXAMPLE 2: GENERAL PLAN MEMBER
High 5 salary $75,000, 34 years current service, purchase 1 year military service

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Benefit without purchase</th>
<th>Change in benefit</th>
<th>Benefit with purchase</th>
<th>Cost at 55</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Retire at Age 65 (Full Retirement)</td>
<td>$3,612</td>
<td>$106</td>
<td>$3,718</td>
<td>$15,000</td>
</tr>
</tbody>
</table>

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).

EXAMPLE 3: CORRECTIONAL PLAN MEMBER
High 5 salary $85,000, 20 years current service, purchase 1 year military service

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Benefit without purchase</th>
<th>Change in benefit</th>
<th>Benefit with purchase</th>
<th>Cost at 55</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Retire at Age 55</td>
<td>$2,691</td>
<td>$134</td>
<td>$2,826</td>
<td>$23,000</td>
</tr>
</tbody>
</table>

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).

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Benefit without purchase</th>
<th>Change in benefit</th>
<th>Benefit with purchase</th>
<th>Cost at 55</th>
</tr>
</thead>
<tbody>
<tr>
<td>B: Retire at Age 50</td>
<td>$4,687</td>
<td>$187</td>
<td>$4,875</td>
<td>$29,000</td>
</tr>
</tbody>
</table>

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).

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

This packet contains retirement benefit information about your Defined Benefit Plan. An application for retirement benefits has also been provided if you qualify for retirement benefits at this time. If you are married and your retirement date is within six months of this letter, your spouse will receive a copy of the information as prescribed by law.

Legislation passed during the 2019 Minnesota legislative session provides PERA members may purchase service credit for one or more periods while in the uniformed services that occurred (1) before becoming a public employee, or (2) during public employment covered by a PERA pension plan if the member missed the original purchase timeframe under Minn. Stat. § 353.014.

The minimum purchase allowed is one full period of military service recorded on your DD Form 214, Certificate of Release or Discharge from Active Duty. You may purchase multiple leave periods; however, the total cumulative purchase may not exceed 5 years.

The purchase will not be used for the purpose of determining and calculating a PERA disability benefit.

The purchase amount is determined by your specific situation. The cost is the actuarial present value of the increase to your future monthly benefit due to the service purchase. If the purchase period(s) occurred during public employment, the sum of missing contributions plus interest will also be calculated. The purchase cost will be the higher of the two calculation methods.

Your cost information is as follows:

| Military Purchase Period:       | June 30, 1980 through June 25, 1983 |
| Service Credit Purchase:        | 3 Years 0 Months                   |
| Purchase Valid Through:         | July 29, 2019 (tentative termination date) |
| Total Purchase Cost:            | $86,000.00                         |
| Subtract Administrative Fee:    | -$250.00                           |

**What You Owe:** $85,750.00

The purchase cost must be made in full. The cost is valid for 90 days from the date of this estimate letter, or by your termination of PERA-covered employment, whichever is earlier. You will find the purchase information on the enclosed PERA Estimated Monthly Retirement Benefits Report(s) and Transmittal for Purchase. If you make the purchase, the $250 administrative fee will be credited toward the purchase payment amount. If you do not make the purchase, the $250 administrative fee will be credited to PERA’s general ledger and not to your account balance.
If you choose to make the purchase:

1. Please submit your check or rollover information to: PERA (Finance Division), 60 Empire Drive, Suite 200, Saint Paul, MN 55103-2088. Include with your payment the Transmittal for Purchase form. Payment must be received within 90 days from the date of this estimate letter, or by the date of your termination of PERA-covered employment, whichever is earlier. The purchase cost must be made in full.

2. Sign the PERA Military Service Credit Purchase Acknowledgement form. Provide PERA the completed form with the payment and Transmittal for Purchase form. Please keep a copy of the PERA Military Service Credit Purchase Acknowledgement form for your records.

If the full payment is not made within 90 days from the date of this estimate letter, and you are still interested in the purchase, you will need to re-apply for the cost calculation and pay an additional administrative fee of $250 to recalculate the cost of the purchase. The purchase is irrevocable once received by PERA.

Please Note: 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.

The enclosed PERA Estimated Monthly Retirement Benefits Report(s) show preliminary projections of the benefits you may receive from PERA under current law and policy. These estimates are based on information supplied by you and your employer. They are for estimate purposes only. Your actual benefit could be higher or lower than reported. Retirement benefit payments are made on a monthly basis as a single-life benefit, or 25, 50, 75, or 100 percent survivor option. Refer to the enclosed Applying for Retirement Benefits brochure for an explanation of the options. If married, your spouse is required to sign the application at the time you apply for benefits. If your spouse does not sign the application, your benefit selection will default to the 50 percent survivor option unless the 75 or 100 percent survivor option is selected.

A right to retirement requires a complete and continuous separation from all public employment for 30 days. There can be no written or verbal agreement prior to termination to provide service to a public employer. Independent contractors and employees of an independent contractor may not work for their same employer for 30 days. Public employment includes service to any governmental employer in Minnesota—e.g. school districts, cities, counties, townships, and state.

While PERA makes every effort to provide the most current and accurate information available, inadvertent errors or omissions may occur and PERA makes no representations or warranties with respect to the information in this Report. An error by PERA does not create any rights for a plan participant, survivor or beneficiary. The Minnesota Legislature or the federal government may change the statutes, rules and regulations governing PERA at any time. If there is a discrepancy between the law governing PERA and the information contained in this Report, the statutes and regulations shall govern.

If you have any questions, please contact a PERA Service Representative.

Sincerely,

Benefit Services Center
Estimates of your Defined Benefit Plan retirement benefits appear below. Retirement benefit payments are made on a monthly basis as a single-life benefit, or 25%, 50%, 75%, or 100 percent survivor option. Refer to the enclosed Applying for Retirement Benefits brochure for an explanation of the options.

<table>
<thead>
<tr>
<th>Name of Member:</th>
<th>MEMBER NAME</th>
<th>Member's Birth Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated Survivor Name:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance of Member Contributions:</td>
<td>$150,000 + Interest $100,000 = $250,000 as of 07/24/2019</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Without Military Purchase</th>
<th>With Military Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan Name:</td>
<td>Police and Fire</td>
<td>Police and Fire</td>
</tr>
<tr>
<td>Purchase Type:</td>
<td>Actuarial Military Service Purchase</td>
<td></td>
</tr>
<tr>
<td>Purchase Amount:</td>
<td>No Purchase</td>
<td>3 Years 0 Months</td>
</tr>
<tr>
<td>Purchase Cost:</td>
<td>$0</td>
<td>$85,750.00</td>
</tr>
<tr>
<td>Termination Date:</td>
<td>07/29/2019</td>
<td>07/29/2019</td>
</tr>
<tr>
<td>Benefit Effective Date:</td>
<td>08/01/2019</td>
<td>08/01/2019</td>
</tr>
<tr>
<td>Member Age:</td>
<td>58 Yrs 11 Mos</td>
<td>58 Yrs 11 Mos</td>
</tr>
<tr>
<td>Single Life Benefit Amount:</td>
<td>$4,150</td>
<td>$4,750</td>
</tr>
</tbody>
</table>

**Survivor Options**

- **25%**
  - Member Amount: $4,000
  - Survivor Designee Amount: $1,000
- **50%**
  - Member Amount: $3,900
  - Survivor Designee Amount: $1,950
- **75%**
  - Member Amount: $3,750
  - Survivor Designee Amount: $2,812
- **100%**
  - Member Amount: $3,600
  - Survivor Designee Amount: $3,600

**Single Life Benefit - No monthly payments payable to any other person.**

<table>
<thead>
<tr>
<th>Description</th>
<th>Without Military Purchase</th>
<th>With Military Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Military Service Credit Purchase:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment must be received within 90 days from the date of this estimate letter, or by the date of your termination of PERA-covered employment, whichever is earlier. The purchase cost must be made in full. You will also need to complete the PERA Military Service Credit Purchase Acknowledgement form. Provide PERA the completed form with the payment and Transmittal for Purchase form. Please keep a copy of the PERA Military Service Credit Purchase Acknowledgement form for your records.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disclaimer:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The benefit information and/or amounts presented on this report are estimates only, calculated using information provided to us by you and your employer. We have also assumed that your service and salary will continue without any interruption up to your termination date. If there is a discrepancy between the law governing PERA, which may change at any time, and the information contained in this Report, the statutes and regulations shall govern.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Estimate Details**

<table>
<thead>
<tr>
<th>Description</th>
<th>Without Military Purchase</th>
<th>With Military Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Valid Through Date:</td>
<td>07/29/2019</td>
<td></td>
</tr>
<tr>
<td>Average Monthly High 5 Salary:</td>
<td>$6,748</td>
<td>$6,748</td>
</tr>
<tr>
<td>Formula and Percentage Rate Used:</td>
<td>Level / 61.50%</td>
<td>Level / 70.50%</td>
</tr>
<tr>
<td>Police and Fire Plan Service Credit:</td>
<td>20 Yrs 8 Mos</td>
<td>23 Yrs 6 Mos</td>
</tr>
</tbody>
</table>
Transmittal for Purchase
July 26, 2019

Member Name: MEMBER NAME
Plan for Purchase: Police and Fire

<table>
<thead>
<tr>
<th>Purchase Type:</th>
<th>Military Actuarial Purchase</th>
<th>Purchase Cost: $85,750.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Employment:</td>
<td>Before</td>
<td>Number of Years/Months to Purchase: 3 Years 0 Months</td>
</tr>
</tbody>
</table>

The purchase must be made in full. 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 cost is based upon your payment being received by PERA on or before the valid through date indicated above.** If you make the purchase, the administrative fee will be credited 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.

**Please read and initial:** I acknowledge that for military leave period(s) that occurred during public employment, a refund of the purchase is allowed based on refund provisions in the Plan and that a refund is not allowed for military leave period(s) that occurred before becoming a public employee. _____ (Member initials)

If you wish to make a purchase of PERA service credit, complete the information below and return this form to:
PERA (Finance Division), 60 Empire Drive, Suite 200, Saint Paul, MN 55103-2088.

Check (✓) as many of the boxes below that apply:

- I have enclosed my check in the amount of $_________ payable to "PERA” for part or all of the purchase cost.

- I acknowledge that I have contacted my plan administrator(s) to conduct a rollover and completed their paperwork (if applicable). I understand that it is my responsibility to ensure my plan administrator(s) successfully completes a rollover of my funds to PERA, and that PERA does not initiate or intercede in the rollover process in any way.

- I will rollover a total of $_________ from the tax-deferred retirement account(s) that I indicated below.

Member signature: ___________________________ Date: __________________________

Rollover Amount #1: $

Plan Name/Phone #:
- Plan Type: □ 401(a) □ 401(k) □ 403(b) □ 457 □ IRA □ Other, Specify __________________________

Rollover Amount #2: $

Plan Name/Phone #:
- Plan Type: □ 401(a) □ 401(k) □ 403(b) □ 457 □ IRA □ Other, Specify __________________________

Signature of PERA Employee Authorizing Transfer into This Member’s PERA Account

Board Materials Not for distribution Cannot be accepted as application

Equal Opportunity Employer
MEMBER's SPOUSE
ADDRESS LINE 1
ADDRESS LINE 2

Dear MEMBER's SPOUSE:

State law requires that we inform the PERA member's spouse of the benefits the member is expected to receive. To comply with this state law, we are enclosing copies of the benefit estimates we prepared for your spouse. We hope the information will be helpful.

If you have any questions, please contact a PERA Service Representative.

Sincerely,

Benefit Services Center
PERA ACTUARIAL MILITARY SERVICE CREDIT PURCHASE ACKNOWLEDGEMENT

I, __________________________, (Member's name) acknowledge that I have read the PERA Military Service Credit Information on the reverse side of this Acknowledgment, and I have been informed about the conditions for purchasing PERA service credit for military service.

I acknowledge and understand that a refund is not allowed for actuarial purchase of PERA service credit for military leave period(s) that occurred before becoming a public employee.

I acknowledge and understand that a refund of the actuarial purchase of PERA service credit for military leave period(s) that occurred during public employment is allowed based on refund provisions in the applicable PERA Plan.

Date: __________________________ Member signature: __________________________
PERA ACTUARIAL MILITARY SERVICE CREDIT PURCHASE INFORMATION

PERA members may purchase service credit for one or more periods while in the uniformed services that occurred (1) before becoming a public employee, or (2) during public employment covered by a PERA pension plan if the member missed the original purchase timeframe under Minn. Stat. § 353.014.

To qualify for the purchase:
- You must be an active member of PERA.
- You must have at least 3 years of allowable PERA service.
- You must purchase any refunded service in PERA or another Minnesota public pension plan prior to this military purchase.
- 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 you purchase?
- The minimum purchase is one full period of military service based on the employee’s DD Form 214, Certificate of Release or Discharge from Active Duty form. You may purchase multiple leave periods. However, the total cumulative purchase may not exceed 5 years.
- For a military period prior to becoming a public employee, if you have more than one PERA defined benefit plan, you can choose which plan to apply the service credit. 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 for the purpose of determining or calculating a PERA disability benefit.

What will be the purchase cost?
- The cost is the actuarial present value of the increase to your future monthly benefit due to the service purchase. If the purchase period(s) occurred during public employment, the sum of missing contributions plus interest will also be calculated. The purchase cost will be the higher of the two calculation methods.
- The purchase amount is determined by your specific situation.

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 date of PERA-covered public employment, whichever is earlier.
- The purchase is irrevocable once received by PERA.
- 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 applicable PERA Plan.
- A refund is not allowed for military leave period(s) that occurred before becoming a public employee.
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 the employee missed the original purchase timeframe under Minn. Stat. § 353.014.

DO I QUALIFY TO MAKE THE PURCHASE?

- The employee must be an active member of PERA and have at least 3 years of allowable PERA service.
- The employee must purchase any refunded service in PERA or another Minnesota public pension plan prior to this military purchase.
- The purchase is not allowed if the employee earned service credit in PERA or another Minnesota public pension plan for the same service period(s) as the military leave period(s), or the employee was not honorably discharged.

WHAT WILL THE EMPLOYEE PURCHASE?

- The minimum purchase is one full period of military service based on the employee’s DD Form 214, Certificate of Release or Discharge from Active Duty form. The employee may purchase multiple leave periods. However, the total cumulative purchase may not exceed 5 years.
- For a military period prior to becoming a public employee, if the employee has more than one PERA defined benefit plan, the employee can choose which plan to apply the service credit. The purchase cost will vary depending on the plan. If the purchase occurred during public employment, the purchase would apply to the plan the employee was contributing to when the employee missed the original purchase timeframe.
- The purchase may not be used for the purpose of determining or calculating a PERA disability benefit.

WHAT WILL BE THE PURCHASE COST?

- The cost is the actuarial present value of the increase to the employee’s future monthly benefit due to the service purchase. If the purchase period(s) occurred during public employment, the sum of missing contributions plus interest would also be calculated. The purchase cost will be the higher of the two calculation methods.
- The purchase amount is dependent on the employee’s specific situation. However, cost examples are enclosed 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, the employee will need to apply for a purchase cost calculation.

HOW DOES THE EMPLOYEE APPLY FOR A PURCHASE COST CALCULATION?

1. The employee should call a PERA Service Representative to request an application packet. To apply for a personal purchase cost calculation, the employee must send PERA the completed application, a check in the amount of $250 payable to “PERA”, and a legible copy of the employee’s DD Form 214, Certificate of Release or Discharge from Active Duty form.
2. If the employee makes the purchase, the $250 administrative fee will be credited toward the purchase payment amount.
3. If the employee does not make the purchase, the administrative fee will be credited to PERA’s general ledger and not to the employee’s account balance.

The employee must include a copy of their DD Form 214, Certificate of Release or Discharge from Active Duty form for each requested military period. If the employee provides PERA multiple DD 214 forms, PERA will combine all periods and calculate one purchase cost, up to a maximum of 5 years.

PAYMENT INFORMATION:

If the employee applies 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 the employee’s 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 depends on the employee’s specific situation. To receive cost estimates, the employee must 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

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Retire at Age 55</th>
<th>Retire at Age 50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit without purchase:</td>
<td>$6,250</td>
<td>$4,687</td>
</tr>
<tr>
<td>Benefit with purchase:</td>
<td>$6,500</td>
<td>$4,875</td>
</tr>
<tr>
<td>Change in benefit:</td>
<td>$250</td>
<td>$187</td>
</tr>
<tr>
<td>Cost at age 55:</td>
<td>$37,000</td>
<td>$29,000</td>
</tr>
</tbody>
</table>

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

EXAMPLE 2: GENERAL PLAN MEMBER

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

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Retire at Age 65 (Full Retirement)</th>
<th>Retire at Age 55</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit without purchase:</td>
<td>$3,612</td>
<td>$2,620</td>
</tr>
<tr>
<td>Benefit with purchase:</td>
<td>$3,718</td>
<td>$2,687</td>
</tr>
<tr>
<td>Change in benefit:</td>
<td>$106</td>
<td>$799</td>
</tr>
<tr>
<td>Cost at age 65:</td>
<td>$15,000</td>
<td>$129,000</td>
</tr>
</tbody>
</table>

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

EXAMPLE 3: CORRECTIONAL PLAN MEMBER

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

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Retire at Age 55</th>
<th>Retire at Age 50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit without purchase:</td>
<td>$2,691</td>
<td>$1,733</td>
</tr>
<tr>
<td>Benefit with purchase:</td>
<td>$2,826</td>
<td>$1,819</td>
</tr>
<tr>
<td>Change in benefit:</td>
<td>$134</td>
<td>$86</td>
</tr>
<tr>
<td>Cost at age 55:</td>
<td>$23,000</td>
<td>$16,000</td>
</tr>
</tbody>
</table>

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