

# TRS **SERVICE CREDIT**

Pushing All the Right Buttons



November 2019



## **Our Vision**

Earning your trust every day.

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## **Our Mission**

Improving the retirement security of our members by prudently investing and managing the trust assets and delivering benefits that make a positive difference in their lives.

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## WHAT IS SERVICE CREDIT?

TRS service credit is an important part of determining eligibility for TRS benefits including TRS-Care. Service credit affects the amount of a service or disability retirement benefit you may receive when you retire. In the event of your death as a TRS active member, service credit can also affect benefits paid to your beneficiary.

You establish service credit in two ways:

- Through eligible employment in Texas public education
- By purchasing service credit when eligible

**You should carefully consider purchasing service credit when you are first eligible to do so because the cost to purchase service credit generally increases over time.**



## Earning Membership Service Credit

Membership service credit is earned in one-year increments. Only one year of service may be credited in any one school year, and a year of service credit cannot include more than 12 months.

### FOR YEARS PRIOR TO THE 2012-13 SCHOOL YEAR:

The school year was defined as beginning Sept. 1 and ending Aug. 31 or on the date of your employment under a contract or oral or written work agreement that began on or after July 1 and ended no later than 12 months from the start date.

### STARTING WITH THE 2012-13 SCHOOL YEAR:

All TRS members receive service credit based on a standardized school year that begins Sept. 1 and ends Aug. 31. The standardized school year may not be the same as the instructional year of your employer or your contract or work agreement year.

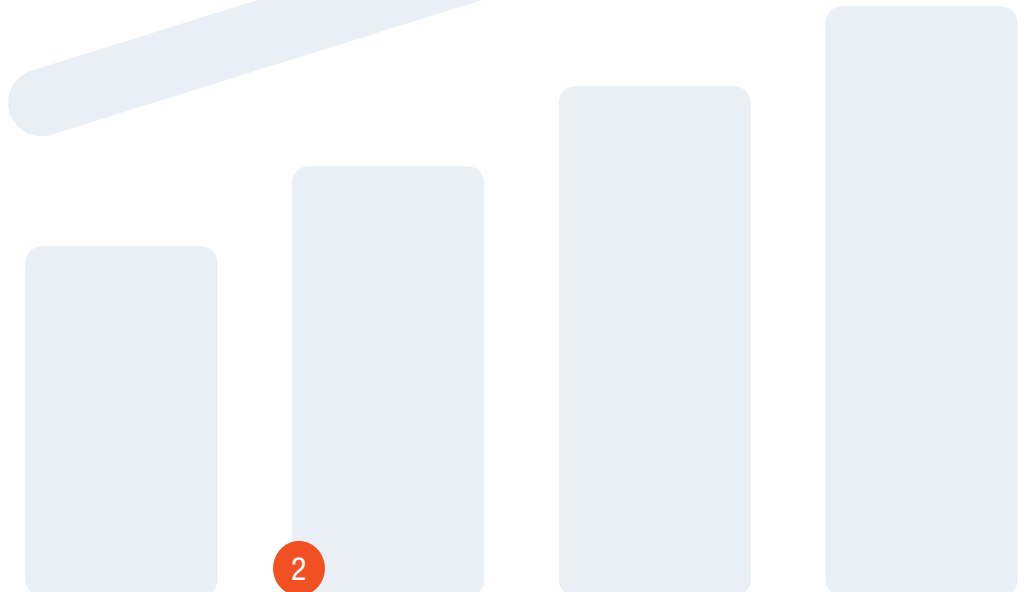
To earn a year of membership service credit, you must work in a TRS-eligible position or receive paid leave from a TRS-eligible position for at least 90 days during the school year.

### EFFECTIVE SEPT. 1, 2015:

Members who are regularly scheduled to work *less than five days per week* may earn a year of service credit by working four and one-half months; however, the member must serve at least four full calendar months during which the member works or receives paid leave for at least eight days each month, **and** the member must also work or receive paid leave for an additional five days that cannot be included in the four full calendar months.

**A TRS member may not receive a year of service credit before Dec. 31, except in the final year before retirement.** At retirement, a member may earn a year of service credit by working or receiving paid leave for each day of the full fall semester, even if that semester is less than 90 days.

Service as a substitute is not eligible for membership in TRS, but working as a substitute for a minimum of 90 days in a school year may be purchased as service credit if verified within the required deadline. Additional information can be found in this brochure.





## Service and/or Compensation Not Credited on Your Annual Statement of Member Account

TRS encourages you to carefully review your salary and service credit information shown on your annual statement.

**Please note:** Your employer reports salary information to TRS; however, TRS may adjust your salary to meet the requirement for annual compensation as defined by the TRS plan terms. If you have service credit that is not listed on your statement, you must verify that service to TRS **within five years** from the end of the school year in which you rendered that service. Similarly, compensation not reflected on your statement must be verified **within five years** from the end of the school year in which it is paid.

### REMEMBER:

If you do not notify TRS and verify your service or compensation within the applicable time frame, you will not be able to establish TRS credit for the service or the compensation, and you will not be able to use the service or compensation for TRS benefit purposes.

If you find an error on your statement regarding salary or service credit for the most recent school year reflected on your statement, you may be able to have your employer correct the error without additional cost to you other than the member contributions due on the compensation paid if you are still employed by the same employer. However, you must notify your employer and TRS immediately in writing upon noticing the error on the annual statement but no later than May 31 of the year following the year the service was rendered and/or the compensation was paid.

## Workers' Compensation

If you receive workers' compensation payments as temporary wage replacement pay, you may be eligible to purchase TRS service and/or compensation credit. If the payments are verified no later than the end of the school year following the school year in which the workers' compensation is paid, the cost to purchase the service and/or compensation credit is the amount of the member contributions on the workers' compensation paid. The member contributions must be paid in a lump sum no later than the end of the school year following the school year in which the workers' compensation is paid.

If workers' compensation is not verified and a lump-sum payment is not received by the end of the school year following the school year in which the workers' compensation is paid, the cost of the service and/or compensation will be calculated using the actuarial cost method.\*



# PURCHASING SERVICE CREDIT

In addition to earning membership service credit, you may be eligible to purchase the following types of service credit:

- Withdrawn
- Unreported Service and/or Compensation, Substitute, Including Workers' Compensation
- Out-of-State
- Developmental Leave
- Military
- Uniformed Services Employment & Re-Employment Rights Act (USERRA)
- State Sick and/or Personal Leave
- Work Experience by a Career or Technology Teacher
- Membership Waiting Period



## Deadlines to Purchase

The following applies to **all** service credit types **except** State Sick and/or Personal Leave. To use purchased service credit in determining eligibility for or calculating service retirement benefits, you must complete the purchase by your retirement date or by the last day of the month in which you submit a retirement application, whichever is later.

If the service credit must be purchased in order to establish your eligibility to retire, the purchase must be completed by your retirement date.

To use purchased service credit to calculate a disability retirement benefit, you must complete the purchase by the later of:

- your retirement date
- the last day of the month in which you submit a retirement application
- within 30 days of TRS notification that your disability retirement has been certified

The deadline for state sick and/or personal leave is described later in this brochure.



## Withdrawn Service Credit

**Overview and Eligibility:** Withdrawn service credit occurs if you refund your TRS member account. A refund cancels all TRS service credit and cancels your membership. To reinstate withdrawn service credit, generally you must resume membership in TRS — have an active account and account balance with TRS — and pay all costs for the withdrawn service credit to TRS. You are not required to be currently contributing to TRS. Non-TRS members can only reinstate withdrawn service credit through the Proportionate Retirement Program or TRS/ERS transfer program.

If more than one member account was withdrawn and service credit canceled, **all eligible service credit must be reinstated.**

COST:



Amount of Refund



Reinstatement Fee of 8%, Compounded Annually,  
from the Date of the Withdrawal to the Date of Redeposit

**When to Purchase:** Withdrawn service may be reinstated as soon as your first deposit has been credited as an active TRS member or through the Proportionate Retirement Program or TRS/ERS transfer program.

**Member Responsibility:** Contact TRS to obtain a cost statement. TRS members may request a cost statement through the *MyTRS* section of the TRS website. Members of other Texas public retirement systems participating in the Proportionate Retirement Program, including ERS, must submit a written request to TRS for reinstatement of TRS service credit and may be required to provide verification of membership in that retirement system.





## Unreported Service Credit, Unreported Compensation Credit, Substitute Service Credit, and Workers' Compensation

### Overview and Eligibility:

- **Unreported service** is eligible service that should have been reported to TRS but was not reported at the time the service was rendered. This includes service that would not be eligible by itself but becomes eligible when combined with eligible service performed for another TRS-covered employer during the same school year.
- **Unreported compensation** is eligible compensation paid to you that should have been reported but was not reported to TRS during the school year in which it was paid.
- If you serve as a **substitute** in a position otherwise eligible for TRS, you may purchase a year of service credit when you have rendered at least 90 days of substitute service in one school year. Eligible substitute service must be verified by your employer on a *Verification of Substitute Service and Salary* form (TRS 22S).
- If you receive **workers' compensation** payments as temporary wage replacement pay, you may be eligible to purchase TRS service and/or compensation credit. Workers' compensation payments must be verified by your employer on a *Verification of Workers' Compensation Payments* form (TRS 22W).

To establish service credit for eligible unreported service and/or compensation, you must have your employer complete a *Verification of Service and Salary* form (TRS 22I).

After the appropriate form is received, TRS will determine if your unreported service and/or unreported compensation, substitute service, or workers' compensation is eligible for use in determining benefits and establishing credit. If the service is eligible, TRS will send you a cost statement for the service and/or compensation credit.

**Deadlines to Verify Service:** Unreported service and/or substitute service rendered, and/or unreported compensation paid, on or after Sept. 1, 2011, must be verified within five years after the end of the school year in which the unreported service and/or substitute service was rendered and/or the compensation was paid.

**Any unreported service and/or substitute service that was rendered, and/or unreported compensation that was paid, before Sept. 1, 2011, must have been verified no later than Aug. 31, 2016.**

Unreported service, unreported compensation, substitute service, or workers' compensation that is not verified by the applicable deadline will not be eligible for purchase and cannot be used to determine eligibility for, or the amount of, any TRS benefits.

**Cost:** The cost for **unreported service, unreported compensation, and substitute service credit** is the actuarial present value, at the time of deposit, of the additional retirement benefits that are attributable to the increased service credit and/or compensation credit, based on actuarial tables adopted by the board of trustees. In addition, a member is required to pay the employee contribution to TRS-Care, unless the member is entitled to health care coverage through the Employees Retirement System of Texas (ERS), the University of Texas (UT) or Texas A&M University (TAMU) systems.\*

**Important May 31 Deadline:** If the unreported service and/or unreported compensation relates to the current school year or the most recent school year reflected on your annual statement and your employer did not report the service and/or compensation, you may be able to correct the error and receive credit at no additional cost to you other than the required member contributions. However, you must notify your employer and TRS in writing immediately upon noticing the error but no later than May 31 of the year following the year the service was rendered and/or the compensation was paid so that the error can be corrected in this way:

- (1) you must still be employed by the same employer and additional compensation for the current school year remains due to you;
- (2) your employer requests a waiver of the reporting requirements due to the error and TRS grants the waiver;
- (3) your employer submits member contributions on the unreported amounts from any remaining compensation due to you and the employer submits any employer contributions due on the compensation paid by your employer to you;
- (4) your employer pays the penalty interest due and corrects the records for the report months in which the compensation was paid; and
- (5) the error is corrected by the end of the school year following the school year in which the unreported service was rendered and/or the unreported compensation was paid.

**NOTE:** Substitute service is not unreported service and may not be established in this manner.

The cost to purchase service and/or compensation credit for **workers' compensation payments** that are verified no later than the end of the school year following the school year in which the workers' compensation is paid is the amount of the member contributions on the workers' compensation paid. The contributions must be paid in a lump sum no later than the end of the school year following the school year in which the workers' compensation is paid. If a lump sum payment is not received by the applicable deadline, the cost of the service and/or compensation credit will increase to the actuarial cost.\*

If the workers' compensation is not verified and member contributions are not paid by the end of the school year following the school year in which the workers' compensation is paid, the cost to purchase service and/or compensation credit for the workers' compensation payments is the actuarial cost.\*

**Member Responsibility:** Have your employer verify your unreported service, unreported compensation, substitute service, or workers' compensation. Verification must be made on the appropriate TRS form and submitted by the applicable deadline. Submit the completed forms to TRS. TRS will determine whether the service and/or compensation is eligible for credit and if so, will send you a cost statement. You must then submit all required amounts in order to establish the service and/or compensation credit.

This service credit and/or compensation credit may be established in one-year increments. The service and/or compensation is credited upon receipt of sufficient deposits to purchase a full year of credit. The cost will continue to increase on service or compensation that is not purchased.

The purchase of this service credit and/or compensation credit is subject to the federal tax code restriction on the amount of money that may be voluntarily paid to TRS during a plan year. TRS encourages members to review "Restrictions on Service Credit Purchase" later in this brochure and carefully plan your purchases.



## Out-of-State Service Credit

**Overview and Eligibility:** If you have out-of-state service in a public school system or college and you have at least five years of TRS membership service credit, you may be eligible to purchase out-of-state service credit.

You may purchase one year of eligible out-of-state service credit for each year of service credit with a TRS-covered employer, up to a maximum of 15 years, if the eligible out-of-state service is not currently maintained in another public retirement system. If you do have contributions in another public retirement system that are related to the service credit you wish to purchase, then the service is considered nonqualified service credit under federal tax law. You are only allowed to purchase up to five years of nonqualified service credit. You must also have at least one year of TRS service credit following the out-of-state service to be eligible to purchase this service credit.

Salary earned while performing out-of-state service cannot be used in the salary average used to determine TRS benefits.

### Eligible out-of-state service includes the following:

- service in public educational institutions that are maintained in whole or in part by one of the states of the U.S.;
- service in public educational institutions maintained in whole or in part by a commonwealth territory or possession of the U.S.;
- service in public educational institutions maintained in whole or in part by the U.S. government. Public educational institutions of the U.S. government must have been maintained for the primary purpose of educating the children of U.S. citizens either in foreign countries or in locations within the U.S. where state or local governments have not provided for public educational facilities;
- service with a Department of Defense Dependents School (DODDS); and
- service in a school outside the U.S. receiving funds under 22 U.S.C. Section 2701.

### Out-of-state service credit:

- Must satisfy the same requirements for membership and service credit that would have applied if the service had been performed for a Texas public education institution.
- Is evaluated for credit based on a Sept. 1 through Aug. 31 school year.
- May be combined with eligible TRS-covered employment in the same school year to receive a year of TRS service credit.

### You may not:

- Establish out-of-state service credit for a year in which you are eligible to establish, or you have established, other TRS service credit.
- Establish TRS service credit for out-of-state service performed for a public school if the service was performed while you were a member of the armed forces and you were compensated for the service by the U.S.

**Cost:** The cost for all out-of-state service credit is the actuarial present value, at the time of deposit, of the additional retirement benefits that are attributable to the increased TRS service credit, based on actuarial tables adopted by the board of trustees.\*

**Member Responsibility:** You must submit a *Verification of Out-of-State Service* form (TRS 224). This form must be completed by your **out-of-state employer**. Once submitted, TRS will prepare a cost statement for any eligible out-of-state service credit.

TRS recommends using the TRS 224; however, TRS may be able to accept a copy of your Texas Teacher Service Record that reflects your out-of-state service if the document contains all of the required information for TRS to make a determination.



## Developmental Leave Service Credit

Developmental leave is unpaid leave from employment with your TRS-covered employer that is **approved in advance by your employer** for study, research, travel, or another purpose designed to improve your professional competence. You may purchase a maximum of two years of developmental leave service credit. This service credit may be purchased any time before retirement; it may be established one year at a time and each year is credited upon receipt of sufficient deposits to purchase a full year of service credit.

### Overview and Eligibility:

- You must have at least five years of TRS service credit **before** the developmental leave occurs,
- Your TRS-covered employer must certify in advance on a *Notice of Intent to Take Developmental Leave* (TRS 215) form, that the leave meets the employer's requirements for developmental leave,
- You must file the completed TRS 215 with TRS by the date the leave is to begin, and
- You must have at least one year of membership service credit in TRS following the developmental leave.

Developmental leave is evaluated for credit based on a Sept. 1 through Aug. 31 school year.

**Cost:** The cost of developmental leave service credit is the actuarial present value, at the time of deposit, of the additional retirement benefits that would be attributable to the additional year(s) of service credit, based on actuarial tables adopted by the board of trustees.\*

### Member Responsibility:

- Submit a completed TRS 215 before you begin your developmental leave.
- **Upon completion of the leave and your return to TRS-covered employment, you must contact TRS for a cost statement.**
- You must then submit all required amounts in order to establish the service credit.



## Military Service Credit

**Overview and Eligibility:** If you have at least five years of TRS membership service credit for actual service with a TRS-covered employer, you may purchase up to five years of service credit for **active duty** federal military service in the U.S. armed forces. Both voluntary and draft service is eligible. Service as a reservist or member of the National Guard who was ordered to active duty under the authority of federal law is also considered eligible military service.

Military service terminated by a sentence of court-martial is not eligible for purchase.

Military service credit may be established in one-year increments. Eligible active military duty must be equivalent to the amount of time a TRS member must work or be on paid leave in order to receive a year of service credit during a school year. Military service is evaluated for credit based on a Sept. 1 through Aug. 31 school year. Credit for military service may not be given for any year in which service credit is already established.

If you have active membership in more than one Texas public retirement system, you can only purchase or establish military service credit for the same military service with one retirement system. For example, if you have military service during the 2000-01 school year and are a member of both TRS and the Texas Municipal Retirement System, you may only establish this military service in one of the systems.

If you are a member of both TRS and the Employees Retirement System of Texas and you elect to transfer all of your service credit to one system at retirement, you may not receive credit for more than five years of purchased military service credit. The transferring system will refund the purchase cost of any years of military service credit in excess of five years, if applicable.

**Cost:** If the military service was rendered **during** a time when you were a member of TRS, the cost per year to purchase military service credit is equal to the contributions that you would have paid on your full annual compensation for the last year of membership service before the year of military duty.

If your membership in TRS began **after** your military service was rendered, the cost is equal to the member contributions required on your full annual compensation for the first creditable year of membership service occurring after your military service was rendered.

Compensation for substitute service may not be used to calculate the cost of military service.

You must purchase military service credit in the order in which the service was rendered and appears on the cost statement prepared by TRS.

If you do not purchase all eligible military service credit as soon as you are eligible to do so, an additional fee of 8%, compounded annually, is charged for the service credit. The date of eligibility to purchase the military service credit is the later of:

- the date you accrue five years of membership service credit for actual service with a TRS-covered employer;
- the date the military service credit was available by TRS law; or
- the date you completed the military service used to establish the military service credit.

**Member Responsibility:** Submit a legible copy of your military service record (i.e., DD 214), showing the entry and separation dates for all periods of active duty military service, the type of military service, and the nature of your discharge from active duty. TRS may request other documentation, as needed, to determine eligibility. Once eligibility is determined, TRS will send you a cost statement.

You may purchase military service credit one year at a time.



## Uniformed Services Employment & Re-employment Rights Act (USERRA) Service Credit

**Overview and Eligibility:** USERRA establishes certain rights if you leave TRS-covered employment for voluntary or involuntary active military duty and are then re-employed or apply for re-employment with the **same** TRS-covered employer. If this is the case, you may be eligible to establish TRS service credit and/or compensation credit for the period of duty under USERRA.

You must separate from uniformed service under honorable conditions or otherwise as provided by USERRA, and you must return to, or apply for, re-employment with the same TRS-covered employer within 90 days of discharge or release from active military service. TRS will use the provisions of USERRA to determine eligibility of members who apply for or return to re-employment later than 90 days due to illness or injury incurred in, or aggravated during, uniformed service. A person establishing USERRA service credit may not establish any other military service credit with TRS for the same period of active military duty.

If your employment is interrupted by military duty in a school year in which you have already received a year of TRS membership service credit, but you expected that year to be one of the highest compensation years for calculation of TRS retirement benefits, you should contact TRS about establishing compensation credit under USERRA. Such credit reflects the compensation that would have been received if you had continued to be employed by a TRS-covered employer for the remainder of the school year.

**Cost:** USERRA service or compensation credit is an amount equal to the member contributions you would have made if you had continued to be employed in the former TRS-covered position during the entire period of active duty. Credit may be purchased one year at a time by submitting a lump sum equal to the cost of a full year of service and/or compensation credit.

**When to Purchase:** If you have eligible USERRA service, you should contact TRS immediately upon re-employment, or application for re-employment, with the same TRS-covered employer after your military service. USERRA service credit must be purchased within the time period specified in federal law (**generally, five years from the date of re-employment or application for re-employment**); otherwise, the cost is subject to an additional fee as outlined in the Military Service Credit section.

**Member Responsibility:** Submit a copy of your military service record (i.e., DD 214) and furnish any salary or employment records that may be required by TRS.

**SPECIAL NOTE:** Contact TRS for more information as some military service may qualify for either TRS military service credit or USERRA service credit. In some instances, the cost of the service credit may be less under USERRA, if the military service qualifies. However, under USERRA, there is a time deadline for purchasing the service credit. Regular military service credit does not have this restriction.

**USERRA Service Not Purchased:** If you have USERRA-eligible service but choose not to purchase TRS service credit, you may be eligible to use your USERRA service to determine **eligibility** for benefits, including service or disability retirement, TRS-Care health benefits including premium level, and active member death benefits. Unpurchased USERRA service cannot be used to calculate the amount of your retirement annuity payment. If you have USERRA-eligible service that you have not purchased, you must notify TRS in writing if you wish to have the service considered in determining your eligibility for these benefits. If you are retiring, you must notify TRS in writing before the later of your effective date of retirement or the date you file your retirement application. In the event of your death as an active member, your beneficiary must notify TRS in writing before any death benefits are paid.



## State Sick and/or Personal Leave Service Credit

**Overview and Eligibility:** At the time of retirement, you are eligible to purchase a maximum of one year of service credit if:

- you have at least 10 years of TRS service credit for actual service with one or more Texas public education employers,
- you retire from a Texas public education employer, and
- you have 50 or more days or 400 or more hours of accumulated state sick and/or personal leave that is unused as of the last day of employment before retirement.

Only five days of state sick and/or personal leave may be accrued each year toward the 50-day or 400-hour total.

State sick and/or personal leave service credit may be used only for calculating benefits but cannot be purchased in order to determine eligibility for retirement.

**Cost:** The cost of the service credit is the actuarial present value, at the time of deposit, of the increased retirement benefits that are attributable to the additional year of service credit.\*

If local policy allows, the employer from which you retire may reimburse you for all or part of the cost of purchasing state sick and/or personal leave service credit; however, your employer may not make direct payment to TRS for this service.

**When to Purchase:** You may purchase this service credit **only** at the time of retirement.

**Member Responsibility:** Submit a completed *Certification of Unused State Sick and/or Personal Leave* form (TRS 587). TRS will then provide a cost statement to you.

To purchase the service credit at the time of retirement, you must pay the cost of the service credit to TRS no later than 90 days after the date TRS issues a cost statement. You may be able to request an additional 30 days to complete the purchase if you are using funds from another eligible retirement plan. *Please note:* TRS will not begin your retirement annuity payments until we receive your payment in full.



## Work Experience by a Career or Technology Teacher Service Credit

**Overview and Eligibility:** If you are a certified career or technology education teacher, you may be eligible to establish service credit for one or two years of work experience. To be eligible, you must be entitled to salary-step credit for that work experience under Section 21.403(b) of the Texas Education Code, and you must have at least five years of TRS membership service credit for actual service with a TRS-covered employer in order to be eligible to purchase this service credit.

**Cost:** The cost is the actuarial present value, at the time of deposit, of the additional retirement benefits that are attributable to the additional year(s) of service credit.\*

**Member Responsibility:** Submit a completed *Certificate of Work Experience by Career or Technology Teacher* form (TRS 582). TRS will confirm your eligibility and send you a cost statement. You must then submit all required amounts in order to establish the service credit.



## Membership Waiting Period Service Credit

**Overview and Eligibility:** A member is subject to a 90-day waiting period for TRS membership if the person:

- began work for a TRS-covered employer between Sept. 1, 2003 and Aug. 31, 2005,
- was not already a TRS member at the time that employment began.

If, due to the waiting period, you did not work long enough to earn a year of membership service credit, you may be eligible to purchase waiting period service credit. You must have sufficient waiting period service and TRS-covered service combined during the school year to meet the length of service requirements for a year of TRS membership service credit.

The purchase of service credit for the year in which the waiting period occurred does not establish an earlier TRS membership start date.

**Cost:** The cost of this service credit is the actuarial present value, at the time of deposit, of the additional retirement benefits that are attributable to the additional year of service credit.\*

**Member Responsibility:** Contact TRS to request a cost statement.





## METHODS OF PAYMENT

There are three basic ways to make payment for TRS service credit purchases:

- lump-sum payments using after-tax dollars (such as from a savings or checking account),
- installment payments using after-tax dollars (not available for state sick and/or personal leave service credit or USERRA service credit), or
- rollovers using pretax dollars from another eligible retirement plan or a direct trustee-to-trustee transfer using pretax dollars from a governmental 403(b) plan or a governmental 457(b) deferred compensation plan.

Service credit purchases must be completed in full by the time of retirement and before retirement annuity payments begin. Once service credit has been established, deposits for service credit are not refundable unless you terminate TRS membership and withdraw all accumulated contributions from your member account. All fees, including installment fees, are nonrefundable.



## Lump-Sum Payments

A lump-sum payment may be made using after-tax dollars from a checking or savings account. The cost statement that TRS sends to you will include a coupon that must be used when making payments by check. The check must be drawn on an account that you own. TRS cannot accept a check from an employer or a relative for the purchase of service credit. Post-dated checks will not be accepted.



## Installment Payments

A monthly installment payment plan, or a plan combining an initial lump-sum payment plus monthly installments is available for all kinds of service credit purchases except state sick and/or personal leave service credit and USERRA service credit. If you use an installment plan, you are subject to any deadlines otherwise applicable for purchasing the service credit.

Payments may be made over a period equal to the number of years of service credit to be purchased; however, the payment period cannot be more than 60 months.

**EXAMPLE:** The installment payment period for the purchase of four years of service credit may not exceed 48 months. A service credit purchase of greater than five years must be paid within the maximum 60-month period.

The minimum monthly payment amount is \$25. Total payment on the installment plan is the cost of the service credit plus a 9% annual administrative fee calculated on the daily declining balance.

Monthly installment payments may be made in three ways:

- automatic ACH payments deducted from your checking or savings account (encouraged),
- payroll deduction if provided by your employer,
- personal check or money order accompanied by a TRS payment coupon (post-dated checks are not accepted).

You may end installment payments at any time and receive a refund of payments on years of service **not yet credited** by submitting a signed request. However, no refund will be made on years already credited to your account or on the installment payment administrative fees. Refunds from the installment plan require approximately 30 days after TRS receives all necessary documentation.

If installment payments become delinquent for 60 days or more, TRS may cancel the installment agreement and refund the payments for any partial year of service credit, minus the applicable fees.

If a member dies before completing all payments, the beneficiary may receive a refund of the member's payments for any partial year of service, minus the applicable installment payment administrative fees, or may make a lump-sum payment of the unpaid balance to establish credit for the service, subject to any applicable restrictions. A beneficiary may not continue the installment plan. Payment by a beneficiary must be made within 12 months after the date of death of the member.



## Rollovers and Transfers from Other Plans

TRS may accept an eligible rollover distribution from another eligible retirement plan, or a direct trustee-to-trustee transfer from a governmental 403(b) plan or a governmental 457(b) deferred compensation plan, in payment of all or a portion of the cost to purchase service credit. Rollovers generally may be accepted from the following kinds of retirement plans in which the member has participated:

- Traditional Individual Retirement Account (IRA),
- Individual Retirement Annuity,
- Simplified Employee Pension (SEP) IRA,
- Qualified 401(a) plan,
- 401(k) plan,
- Qualified 403(a) annuity plan,
- 403(b) plan, or
- 457(b) plan

TRS may not accept a rollover from the following plans:

- SIMPLE IRA (“Savings Incentive Match Plans for Employees”),
- Roth IRA, or
- Coverdell Education Savings Account (formerly called education IRAs)

A rollover usually requires a distributable event, such as termination of employment, unless it is from an IRA, which does not require a distributable event. Each distributing plan determines when a rollover may be made; TRS cannot make this determination for you. A direct trustee-to-trustee transfer generally does not require a distributable event and thus may be available if a member is still employed.

Federal law allows TRS to accept a direct trustee-to-trustee transfer only from a governmental 403(b) or governmental 457(b) deferred compensation plan. If you are interested in paying for service credit through a rollover or direct trustee-to-trustee transfer, contact the plan from which the funds are to be withdrawn to determine that plan’s requirements. When you have confirmed with the other plan that your funds are eligible for a rollover or direct trustee-to-trustee transfer, you should visit the TRS website to review the *Information on Rollover or Transfer of Funds to TRS* form (TRS 611). Also review the information on your *Rollover or Transfer of Funds to TRS* form (TRS 551C), which is printed on the back of the TRS-issued cost statements for service credit to be purchased. If eligible, and you wish to use a rollover or direct trustee-to-trustee transfer of funds, request an *Eligible Rollover or Direct Trustee-to-Trustee Transfer to Purchase TRS Service Credit* form (TRS 551) from TRS.



## RESTRICTIONS ON SERVICE CREDIT PURCHASE

Federal tax law limits the amount of voluntary annual contributions a person may make to tax-deferred retirement plans, including TRS. Information regarding the limits will be included with your cost statement.

The contribution limit is subject to annual adjustment by the U.S. Secretary of Treasury in future years. The limit does not apply to the purchase of withdrawn service and USERRA service credit. Payments made through a rollover or a direct trustee-to-trustee transfer of pretax funds are not subject to, or counted toward, the limit.

If you plan to purchase state sick and/or personal leave service credit, it is important to complete the purchase of other types of service credit prior to your final year of employment. This will leave the maximum amount of the limit available to purchase the state sick and/or personal leave service credit in your final year.

The contribution limit is applied each plan year (Sept. 1 through Aug. 31) and does not increase based upon the number of types of service credit you may be eligible to purchase.

TRS will inform you at the time of billing whether a contribution limit is applicable and will also review each payment made for the purchase of service credit to determine whether the payment exceeds the contribution limit for the plan year in which the payment is made.

TRS encourages you to plan early for service credit purchases. For example, using an installment payment plan that spreads out the payments over several years of employment may help you stay within the annual contribution limits that may apply to your purchases.

These restrictions also apply to a beneficiary who may wish to complete payments for service credit after the death of a member. Payments by a beneficiary are subject to the contribution limits in the plan year of the member's death.

Other provisions of federal tax law may affect your purchase of service credit. TRS provides more detailed information about these restrictions, if applicable, when you request calculation of a cost statement for service credit.



## FOOTNOTES

*\* Effective Sept. 1, 2015, the actuarial cost is based on: (1) your age and years of TRS service credit on Sept. 1 of the school year in which the cost is established; (2) the annual salary for your last year of credited service or the average of your highest years of compensation calculated on Sept. 1 of the school year in which the cost of the service credit is established, depending on your retirement eligibility; and (3) the cost factor based on your tier placement. The actuarial cost factors assume a lump-sum deposit; if deposits are made through installment payments, the cost will be adjusted to reflect the installment payment administrative fee.*



## ADDITIONAL INFORMATION



### Looking for a TRS form mentioned in this brochure?

TRS forms can be found on the Forms page of the TRS website or by calling TRS. Additional TRS publications can be found on the Publications page of the TRS website.



### Video: Purchasing Service Credit

Have you seen our [Purchasing Service Credit](#) video? Learn about the ten different types of service credit eligible for purchase, methods of payment and restrictions in just a few short minutes! This video, and other videos in our [Member Education Video Series](#), can be found on the TRS website and TRS YouTube channel.



### TRS Website:

[www.trs.texas.gov](http://www.trs.texas.gov)



### TRS Mailing Address:

Teacher Retirement System of Texas  
1000 Red River Street  
Austin, Texas 78701-2698



### TRS Telephone Counseling Center:

1-800-223-8778  
Monday – Friday, 7 a.m. – 6 p.m. Automated information is available day or night, seven days a week.



### TRS Benefit Services Fax Number:

512-542-6597



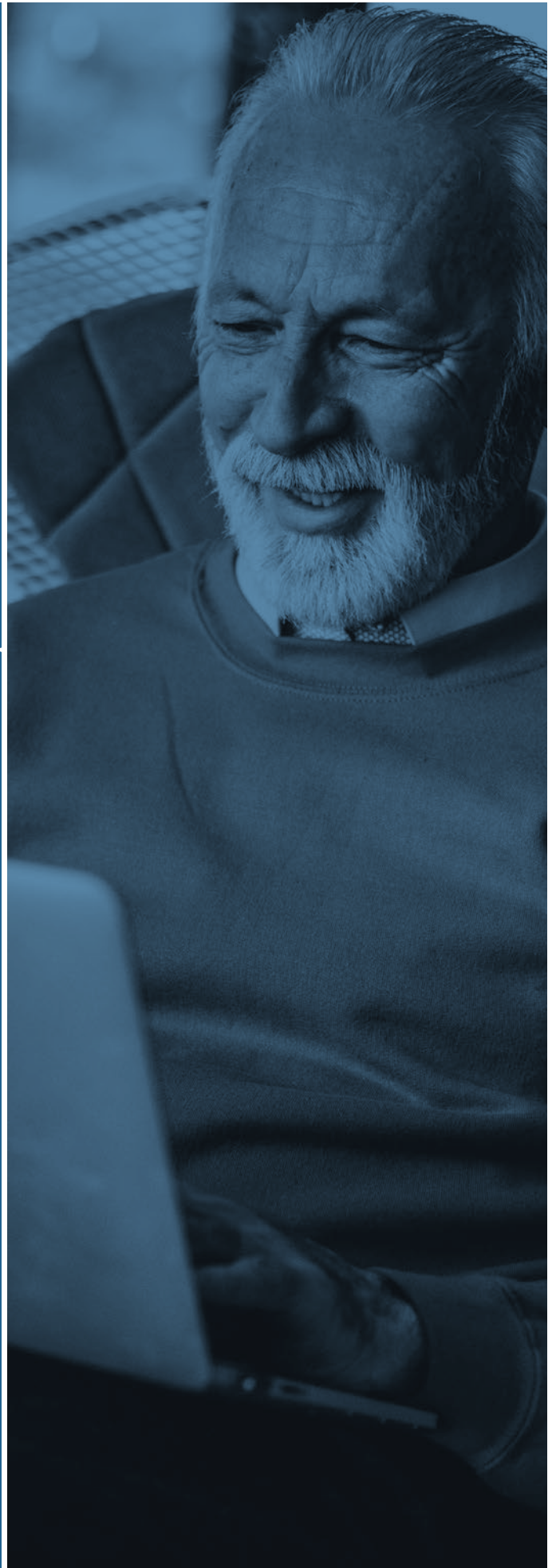
Please remember to include your name *and* Participant ID *or* social security number on all correspondence mailed to TRS.

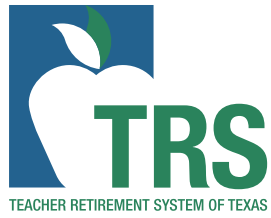
### Follow Us On:





*TRS service credit is governed by state law and TRS Board of Trustees rules. Information in this publication is summarized. This brochure is meant to be a helpful resource as you seek information on service credit. If any information is inconsistent with laws and rules in effect at the time of purchase or use of the service credit, then the applicable laws and rules control.*





1000 Red River Street  
Austin, Texas 78701-2698



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[www.trs.texas.gov](http://www.trs.texas.gov)