

Service Credit Purchase Policy

Purchase of Prior County Forfeited Time

This service credit purchase policy is intended to provide members with guidance on purchasing permissive service credit. A member's ability to purchase various forms of permissive service credit is controlled by his or her collective bargaining agreement, the Genesee County Employees' Retirement Ordinance and applicable statutes. This policy is intended to provide general guidance.

- 1.** A member of the Genesee County Employees' Retirement System ("Retirement System") who ceases to be employed by an employer within the Retirement System may elect to withdraw his or her accumulated member contributions and interest from the System pursuant to **Section 37** of the Retirement Ordinance. A member who withdraws his or her accumulated member contributions and interest shall forfeit his or her credited service for retirement purposes. The member should contact the Human Resources Department of his or her employer to obtain information regarding the impact to retiree health care and other fringe benefits in the event of withdrawal.
- 2.** Pursuant to **Section 17** of the Retirement Ordinance, in the event that the member is re-employed by any employer member within the Retirement System, he or she may apply to have the credited service last forfeited restored in accordance with these Purchase of Prior County Forfeited Time procedures.
- 3.** The member must complete the Application to Purchase Prior County Forfeited time form (Form CRE.1) and submit it to the Retirement Office. **The application must be made within twelve months of the member's return to employment and it must be made while the member is actively employed with an employer member of the Retirement System.** The form can be obtained by contacting the Retirement Office at 810-257-2626 or 1-800-949-2627, or by accessing it on the Retirement Commission's web site at www.co.genesee.mi.us.
- 4.** Upon timely application by the member, the Retirement Office Supervisor will calculate the member's cost to purchase the prior service pursuant to **Section 21** of the Retirement Ordinance, and provide a detailed cost worksheet to the member. The Retirement Office Supervisor will, time permitting, place the application on the agenda of the next regularly scheduled meeting of the Retirement Commission for approval.
- 5.** Upon approval by the Retirement Commission, the Retirement Office Supervisor shall send a notification of approval letter to the member that

indicates the amount of prior county service time eligible for purchase, the member's total cost to purchase the service credit, and the Maximum Payment Completion Period that has been granted to the member.

6. The following payment methods are available: 1) payroll deduction if allowed by employer; 2) personal check or cash; or 3) transfers from an IRS Section 457 (deferred compensation) or 403(b) (tax sheltered annuity) retirement plan. The member should contact the Retirement Office regarding payment options. Partial payments are accepted at a minimum of \$2,000. The applicant must be actively employed when payments are made.

7. The Maximum Payment Completion Period for purchases shall be from the date of the Retirement Commission's approval as follows:

<u>Cost of Service</u>	<u>Maximum Payment Completion Period</u>
0 - \$1,500	One Year
\$1,501 - \$3,000	Two Years
\$3,001 - \$4,500	Three Years
Above - \$4,500	Four Years

8. In the event that the approved Prior County Forfeited Time purchase is not completed by the end of the Maximum Payment Completion Period granted; or if the employment relationship has been terminated prior to the end of the Maximum Payment Completion Period; the amount of funds paid toward the purchase will be converted into service credit days and the member's retirement service date will be adjusted accordingly.

9. All payments for approved Prior County Forfeited Time made to the Retirement System trust fund are final transactions and may only be withdrawn upon termination of employment in the event the member is not eligible for a retirement allowance.

Adopted by the Retirement Commission 9/19/2005, Revised 9/22/2008

Service Credit Purchase Policy

Purchase of Active Military Service Time

This service credit purchase policy is intended to provide members with guidance on purchasing permissive service credit. A member's ability to purchase various forms of permissive service credit is controlled by his or her collective bargaining agreement, the Genesee County Employees' Retirement Ordinance and applicable statutes. This policy is intended to provide general guidance.

- 1.** A member must meet the vesting requirements of his or her collective bargaining agreement and **Section 20** of the Retirement Ordinance to be eligible to purchase active military service. Inactive service is not eligible. The member cannot purchase service for which a military pension is or will be received.
- 2.** The member must submit to the Retirement Office a copy of his or her DD214 and a written request to purchase the Military Service time. Members wishing to purchase military reserve time must submit documentation of their reserve service points.
- 3.** Generally, the member may purchase up to five years of active Military Service time unless the member's collective bargaining agreement has been modified to increase or reduce this maximum purchase limitation.
- 4.** Members that entered the military after 6/1/1980 must document that their service was during a time of "war or emergency conditions" as evidenced by a Presidential Proclamation or executive order and for which an expeditionary medal was awarded *unless the member's collective bargaining agreement has been modified to supersede this condition*. To be eligible for recognition of service credit in the Retirement System for a period of intervening uniformed services, an employee must make payment to the Retirement System in the amount of employee contributions the member would have been required to contribute had the member remained continuously employed throughout the period of uniformed service.
- 5.** The Retirement Office Supervisor will calculate the cost of the military service purchase according to the formula set forth in **Section 20** of the Retirement Ordinance and provide the application form to the member (the member's current wage and longevity rate will be annualized and multiplied by 5.0%, and then multiplied by the number of years of service to be purchased). Fractional months will not be considered pursuant to the Retirement Ordinance, unless the member is applying for intervening military service credit, in which case any service credit lost resulting from a valid leave of absence will be permitted..

6. Upon receipt of the signed application by the member (Form CRE.2), the Retirement Office Supervisor will forward the member's request to the Retirement Commission for approval at its next regularly scheduled meeting. The member must be actively employed at the time of application and payment and throughout the payment completion period, if applicable. However, if a member is reactivated to military service during a payment completion period, the period of repayment will be extended by the corresponding days of active service, and will re-commence upon re-employment..

7. Upon approval by the Retirement Commission, the Retirement Office Supervisor shall send a notification of approval letter to the member that indicates the amount of service time eligible for purchase, the member's total cost to purchase the service credit, and the Maximum Payment Completion Period that has been granted to the member. Payment must be made upon re-employment during a minimum period of sixty (60) days up to a maximum period equal to the lesser of 1) three times the period of the member's service in the uniformed services, or 2) five (5) years.

8. The following payment methods are available: 1) payroll deduction if allowed by employer; 2) personal check or cash; or 3) transfers from an IRS Section 457 (deferred compensation) or 403(b) (tax sheltered annuity) retirement plan. The member should contact the Retirement Office regarding payment options. Partial payments are accepted at a minimum of \$2,000. The applicant must be actively employed when payments are made.

9. The Maximum Payment Completion Period for purchases shall be from the date of the Retirement Commission's approval as follows:

<u>Cost of Service</u>	<u>Maximum Payment Completion Period</u>
0 - \$1,500	One Year
\$1,501 - \$3,000	Two Years
\$3,001 - \$4,500	Three Years
Above - \$4,500	Four Years

10. In the event that the Military Service time purchase is not completed by the end of the Maximum Payment Completion Period granted; or if the employment relationship has been terminated prior to the end of the Maximum Payment Completion Period; the amount of funds paid toward the purchase will be

converted into service credit days and the member's retirement service date will be adjusted accordingly. A member may re-apply to the Retirement Commission to purchase any remaining Military Service Time that was not previously paid at his or her then current wage rates.

11. Adequate documentation of eligible active Military Service Time is the sole responsibility of the member. It shall also be the employee's responsibility to notify the Retirement Commission through the Retirement Office Supervisor, of any and all intervening military leaves of absence and re-employment. Failure to provide timely notice may result in expiration of the re-payment period and forfeiture of the corresponding military service time.

12. All payments for approved Military Service Time made to the Retirement System trust fund are final transactions and may only be withdrawn upon termination of employment in the event the member is not eligible for a retirement allowance.

Adopted by the Retirement Commission on 9/19/2005; Revised 9/22/2008;
Revised 11/16/2009

Service Credit Purchase Policy

Purchase of Other Governmental Service Time

This service credit purchase policy is intended to provide members with guidance on purchasing permissive service credit. A member's ability to purchase various forms of permissive service credit is controlled by his or her collective bargaining agreement, the Genesee County Employees' Retirement Ordinance and applicable statutes. This policy is intended to provide general guidance.

1. A member must meet the vesting requirements of his or her collective bargaining agreement and **Section 18** of the Retirement Ordinance to be eligible to purchase Other Governmental Service time.

2. General conditions to be satisfied are:

1. The service must have been with a municipal unit of government or a public school.

2. The service cannot conflict with other actual or purchased service, i.e., no more than one year of credited service may be granted during any one calendar year.
3. The member must irrevocably forfeit his or her rights to a deferred retirement allowance from the former employer.

HYPOTHETICAL EXAMPLES (Limitations May Apply-Paragraph 1 noted above)

Scenario I – Solely Defined Benefit Prior Service:

As an employee of Municipality A, a member participated in a defined benefit plan for 10 years. As part of Municipality's A defined benefit plan, the employee and the employer made contributions and the accumulated contribution earned interest in Municipality A's retirement system. The member is now an employee of Genesee County and seeks to purchase his 10 years of prior government service.

Under the Genesee County Retirement Commission's policy, the member may purchase all 10 years of prior government service. The member must withdraw all accumulated contributions from Municipality A's retirement system and must waive the member's right to any retirement benefit (i.e. credited service and employer contributions). The member may then purchase the 10 years with the Genesee County Employees' Retirement System based on the Retirement Commission's calculations.

Scenario II – Solely Defined Contribution Prior Service:

As an employee of Municipality B, a member participated in a defined contribution plan for 10 years. As part of Municipality B's defined contribution plan, the member and the employer each contributed 5% of his earnings (10% total) and the member's defined contribution account is credited with investment earnings. The member is now an employee of Genesee County and seeks to purchase the 10 years of prior government service.

Under Retirement Commission policy, the member may purchase all 10 years of prior government service. The member must withdraw all funds in his defined contribution account from Municipality B's retirement system that are attributable to employee contributions and investment earnings on the employees' portion and must waive the right to the employer contributions and corresponding investment earnings. The member may then purchase the 10 years with the Genesee County

Employees' Retirement System based on the Retirement Commission's calculations. Although the employee may be 100% vested in the defined contribution plan balance and the investment earnings on the employer portion, they must forfeit all rights to all employer contributions and corresponding investment earnings.

Scenario III – Defined Benefit Service, then Defined Contribution Service:

As an employee of Municipality A, a member participated in a defined benefit plan for 5 years. After the 5-year period, Municipality A establishes a defined contribution plan and allows the actuarial present value of the 5-year defined benefit accrual (which includes employee and employer contributions and investment earnings on both these amounts) to be transferred to its defined contribution plan. The transfer amount from the defined benefit plan to the defined contribution plan is characterized as employee contributions in which the employee is 100% vested at the time of the transfer. The employee and employer contribute to the new defined contribution plan and the employee terminates after 10 years. The member is now an employee of Genesee County and seeks to purchase the 10 years of prior government service.

Under Retirement Commission policy, the member may purchase all 10 years of prior government service. The member must withdraw all funds in his or her defined contribution account from Municipality A's retirement system that are attributable to employee contributions and investment earnings for both the defined benefit plan service and the defined contribution plan service. The member must also, however, waive the right to the credited service and to the employer contributions and corresponding investment earnings for both the defined benefit plan and the defined contribution plan. The member may then purchase the 10 years with the Genesee County Employees' Retirement System based on the Retirement Commission's calculations.

Scenario IV – Defined Contribution Service, then Defined Benefit Service:

As an employee of Municipality A, a member participated in a defined contribution plan for 5 years. After the 5-year period, Municipality A establishes a defined benefit and allows the account balance of the 5-year defined contribution account (which includes employee and employer contributions and investment earnings on both these amounts) to be transferred to its defined benefit plan. The transfer amount from the defined contribution plan to the defined benefit plan is characterized as employee contributions in which the employee is 100% vested at the time of the transfer. The employee and the employer continue to make contributions. The employee terminates

after 10 years. The member is now an employee of Genesee County and seeks to purchase the 10 years of prior government service.

Under Retirement Commission policy, the member may purchase all 10 years of prior government service. The member must withdraw all funds in his or her defined benefit account from Municipality A's retirement system that are attributable to employee contributions and investment earnings for both the defined contribution plan service and the defined benefit plan service. The member must also, however, waive the right to the employer contributions and the corresponding investment earnings and the credited service for both the defined contribution plan and the defined benefit plan. The member may then purchase the 10 years with the Genesee County Employees' Retirement System based on the Retirement Commission's calculations.

4. Some collective bargaining agreements prohibit the purchase of Other Governmental

Service that is deemed temporary. The service must be classified as full-time or part-time.

5. Adequate documentation of the Other Governmental Service time is the

sole responsibility of the member. The member's former employer must certify the eligible

Other Governmental Service Time to the Retirement Commission.

6. Generally, there is no limit to the amount of Other Governmental Service Time that can be purchased unless modified by collective bargaining agreement or Ordinance amendment.

7. Employment that occurred within 15 years of separation from service from the former employer may be considered unless modified by collective bargaining agreement or Ordinance amendment.

3. The Retirement Commission's Other Governmental Service Time Employer Questionnaire (CRE.3) is available by contacting the Retirement Office at 810-257-2626 or 800-949-2627, or by accessing it on the Retirement Commission's web site at www.co.genesee.mi.us. The Retirement Office has generally found that the most effective means of obtaining adequate documentation of the Other Governmental Service Time is to contact the former employer and provide the questionnaire to be completed and returned.

4. The Retirement Office will evaluate the documentation and respond to the member in writing regarding any issues that must be resolved with respect to eligibility.
5. When the documentation is in order, the Retirement Office Supervisor will calculate the cost of the service pursuant to **Section 18** of the Retirement Ordinance and provide written notice and an application form to the member. The Retirement Office Supervisor will notify the member of the date of the next regularly scheduled meeting of the Retirement Commission in the correspondence.
6. Upon receipt of a signed application by the member (Form CRE.4), the Retirement Office Supervisor will forward the member's request to the Retirement Commission for approval at its next regularly scheduled meeting. Applications received after the meeting date are subject to additional interest charges calculated to the final approval date. The member must be actively employed at the time of application and payment.
7. Upon approval by the Retirement Commission, the Retirement Office Supervisor shall send a notification of approval letter to the member that indicates the amount of Other Governmental Service time eligible for purchase, the member's total cost to purchase the service credit, and the Maximum Payment Completion Period that has been granted to the member.
8. The following payment methods are available: 1) payroll deduction if allowed by employer; 2) personal check or cash; or 3) transfers from an IRS Section 457 (deferred compensation) or 403(b) (tax sheltered annuity) retirement plan. The member should contact the Retirement Office regarding payment options. Partial payments are accepted at a minimum of \$2,000. The applicant must be actively employed when payments are made.
9. The Maximum Payment Completion Period for purchases shall be from the date of the Retirement Commission's approval as follows:

<u>Cost of Service</u>	<u>Maximum Payment Completion Period</u>
0 - \$1,500	One Year
\$1,501 - \$3,000	Two Years
\$3,001 - \$4,500	Three Years
Above - \$4,500	Four Years

10. In the event that the Other Governmental Service time purchase is not completed by the end of the Maximum Payment Completion Period granted; or if the employment relationship has been terminated prior to the end of the Maximum Payment Completion Period, the amount of funds paid toward the purchase will be converted into service credit days and the member's retirement service date will be adjusted accordingly. A member may re-apply to the Retirement Commission to purchase any remaining service that was not previously paid with additional interest calculated to the new approval date.

11. Adequate documentation of the Other Governmental Service Time is the sole responsibility of the member.

12. All payments for approved Other Governmental Service Time made to the Retirement System trust fund are final transactions and may only be withdrawn upon termination of employment in the event the member is not eligible for a retirement allowance.

Adopted by Retirement Commission 9/19/2005; Revised 9/22/2008

Service Credit Purchase Policy

Purchase of Short and Long-Term Disability (Sick Leave)

This service credit purchase policy is intended to provide members with guidance on purchasing permissive service credit. A member's ability to purchase various forms of permissive service credit is controlled by his or her collective bargaining agreement, the Genesee County Employees' Retirement Ordinance and applicable statutes. This policy is intended to provide general guidance.

1. Pursuant to **Section 19(b)** of the Retirement Ordinance, a member may purchase sick leave time in order to restore breaks in retirement service credit that occur after the grace period allowed per collective bargaining agreement or personnel policy. **The member has twelve months from the date of return to work to complete the purchase. Note: It is not the Employer's or the GCERS' responsibility to notify a member of this provision.**

2. As leaves of absence are reported by the employer to the Retirement Office, the Retirement Office will adjust the member's service date for retirement purposes.

3. Members are required to submit a request in writing to the Retirement Office to purchase the sick leave time to restore lost service credit.
4. The member must have received a monetary benefit from the disability carrier during the period of disability leave. Unpaid leaves cannot be purchased.
5. The Retirement Office will prepare a letter indicating the dates of the sick leave, the amount of lost retirement service credit and the cost to purchase the sick leave to restore credited service. Purchasing sick leave will only restore retirement service credit. It does not affect a member's seniority date for purposes of any other benefit accruals.
6. The cost to purchase the sick leave will be calculated by multiplying the amount of benefit received from the sick leave carrier by the member's retirement contribution rate.
7. The following payment methods are available: 1) payroll deduction if allowed by employer; 2) personal check or cash; or 3) transfers from an IRS Section 457 (deferred compensation) or 403(b) (tax sheltered annuity) retirement plan. The member should contact the Retirement Office regarding payment options.
8. Sick leaves not purchased within 12 months from return to work cannot be restored unless the employer opens a window period to allow it.
9. All payments for approved Short and/or Long-Term Disability (Sick Leave) Time made to the Retirement System trust fund are final transactions and may only be withdrawn upon termination of employment in the event the member is not eligible for a retirement allowance.

Adopted by the Retirement Commission 9/19/2005; Revised 9/22/2008

Service Credit Purchase Policy

Purchase of Worker's Disability Compensation Leaves

This service credit purchase policy is intended to provide members with guidance on purchasing permissive service credit. A member's ability to purchase various forms of permissive service credit is controlled by his or her collective bargaining agreement, the Genesee County Employees' Retirement

Ordinance and applicable statutes. This policy is intended to provide general guidance.

1. Pursuant to **Section 19(b)** of the Retirement Ordinance, a member may purchase worker's disability compensation time (weekly payments only) in order to restore breaks in retirement service credit that occur after the grace period allowed per collective bargaining agreement or personnel policy. **The member has twelve months from the date of return to work to complete the purchase. Note: It is not the Employer's or the GCERS' responsibility to notify the member of this provision.**

2. As leaves of absence are reported by the employer to the Retirement Office, the Retirement Office will adjust the member's service date for retirement purposes.

3. Members are required to submit a request in writing to the Retirement Office to purchase the worker's disability compensation time to restore lost service credit.

4. The member must have received weekly worker's compensation payments. Unpaid leaves cannot be purchased.

5. The Retirement Office will prepare a letter indicating the dates of the worker's compensation leave, the amount of lost retirement service credit and the cost to purchase the worker's compensation leave to restore credited service. Purchasing worker's compensation time will only restore retirement service credit. The member should contact his or her respective employer regarding the effect of a worker's compensation leave on other benefit accruals.

6. The cost to purchase the worker's disability compensation leave will be calculated by multiplying the amount of worker's compensation weekly benefit received by the member's retirement contribution rate.

7. The following payment methods are available: 1) payroll deduction if allowed by employer; 2) personal check or cash; or 3) transfers from an IRS Section 457 (deferred compensation) or 403(b) (tax sheltered annuity) retirement plan. The member should contact the Retirement Office regarding payment options.

8. Worker's disability compensation leaves not purchased within 12 months from return to work cannot be restored unless the employer opens a window period to allow it.

9. All payments for approved Short and/or Long-Term Disability (Sick Leave) Time made to the Retirement System trust fund are final transactions and may only be withdrawn upon termination of employment in the event the member is not eligible for a retirement allowance.

Adopted by the Retirement Commission on 9/19/2005; Revised 9/22/2008

Service Credit Purchase Policy

Purchase of Unemployment/Layoff Time

This service credit purchase policy is intended to provide members with guidance on purchasing permissive service credit. A member's ability to purchase various forms of permissive service credit is controlled by his or her collective bargaining agreement, the Genesee County Employees' Retirement Ordinance and applicable statutes. This policy is intended to provide general guidance.

1. Pursuant to **Section 19(b)** of the Retirement Ordinance, a member may purchase unemployment/layoff time in order to restore breaks in retirement service credit that occur after the grace period allowed per collective bargaining agreement or personnel policy. **The member has twelve months from the date of return to work to complete the purchase. Note: It is not the Employer's or the GCERS' responsibility to notify the member of this provision.**
2. As layoffs are reported by the employer to the Retirement Office, the Retirement Office will adjust the member's service date for retirement purposes.
3. Members are required to submit a request in writing to the Retirement Office to purchase the unemployment/layoff time to restore lost service credit.
4. The member must have received unemployment compensation for the period of the layoff. Unpaid leaves cannot be purchased.
5. The Retirement Office will prepare a letter indicating the dates of the layoff, the amount of lost retirement service credit and the cost to purchase the layoff to restore credited service. Purchasing layoff time will only restore retirement service credit. It does not affect a member's seniority date for purposes of any other benefit accruals.

- 6.** The cost to purchase the layoff will be calculated by multiplying the amount of unemployment compensation received by the member's retirement contribution rate.
- 7.** The following payment methods are available: 1) payroll deduction if allowed by employer; 2) personal check or cash; or 3) transfers from an IRS Section 457 (deferred compensation) or 403(b) (tax sheltered annuity) retirement plan. The member should contact the Retirement Office regarding payment options.
- 8.** Unemployment/Layoffs not purchased within 12 months from return to work cannot be restored.
- 9.** All payments for approved Unemployment/Layoff Time made to the Retirement System trust fund are final transactions and may only be withdrawn upon termination of employment in the event the member is not eligible for a retirement allowance.

Adopted by the Retirement Commission 9/19/2005; Revised 9/22/2008