

Former Members and Senate Bill 141

Frequently Asked Questions

Terms used throughout these FAQ's:

Covered Position: A permanent position eligible to participate in the PERS or TRS.

Defined Benefit: A type of benefit calculated using a defined formula including your years of service, average salary and a benefit multiplier. Members who were first hired into a PERS or TRS position prior to July 1, 2006 are defined benefit members.

Defined Contribution: A type of benefit dependent on the sum of the employer contributions, employee contributions and investment earnings or losses in an individual participant account. Members who were first hired into a PERS or TRS position on or after July 1, 2006 are defined contribution members.

Indebtedness: an account for repayment of the refunded contributions, plus 7% interest compounded semi-annually for PERS and annually for TRS from the date of the refund to the present date. (Refunds taken prior to July 1, 1977 accrue interest from the date of rehire into a covered position under certain conditions.)

PERS: Public Employees' Retirement System.

Refunded: Cashed out your employee contributions made to the retirement system you participated in, leaving a zero balance.

Reinstatement: The act of re-employing in a covered position and establishing an indebtedness for previously refunded contributions.

TRS: Teachers' Retirement System.

1. I received a letter stating I was a former member of either the PERS or the TRS and needed to reemploy before July 1, 2010 if I wanted to reinstate my service.

What does this mean? On July 1, 2006, the PERS and the TRS defined benefit plans were closed and new defined contribution plans were established. The legislation creating the new plans also repealed the ability of a defined benefit plan member who previously terminated employment and refunded all contributions to reinstate service upon reemployment. Defined benefit members who do not return to covered employment before July 1, 2010 will

forfeit their defined benefit tier and all service associated with the refund. If a former member is employed after July 1, 2010, they will be a defined contribution plan member and eligible only for the benefits under that plan.

2. If I refunded my contributions from PERS and return to a PERS position prior to July 1, 2010, do I have to repay my indebtedness in full by that date?

No. If you have a refunded service segment(s) in PERS and return to a PERS position prior to July 1, 2010 a reinstatement action for your refunded service will occur. An indebtedness for the refunded service segment will be established. The amount due will be the amount of contributions you refunded plus interest. Interest will be added to the unpaid balance at the end of each month until the indebtedness is paid in full or you retire, whichever occurs first. If the indebtedness is not completely paid up when you retire, your monthly benefits may be reduced to satisfy the amount owed if using the associated service will increase your retirement benefit.

3. If I refunded my contributions from TRS and return to a TRS position prior to July 1, 2010, do I have to repay my indebtedness in full by that date?

No. If you have a refunded service segment(s) in TRS and return to a TRS position prior to July 1, 2010 a reinstatement action for your refunded service will occur. An indebtedness for the refunded service segment will be established. The amount due will be the amount of contributions you refunded plus interest. Interest will be added to the unpaid balance at the end of each month until the indebtedness is paid in full or you retire, whichever occurs first. If the indebtedness is not completely paid up when you retire, your monthly benefits may be reduced to satisfy the amount owed if using the associated service will increase your retirement benefit.

4. If I have refunded my PERS service and am returning (or have returned to work) as a TRS member, can I establish an indebtedness for my refunded PERS service?

If you are a TRS Tier I or II defined benefit member, you can establish an indebtedness for refunded PERS service without reemploying in PERS. However, if you have also taken a full refund of your TRS contribution account, you will need to return to work in either a PERS or TRS position prior to July 1, 2010 to establish an indebtedness and reinstate your refunded PERS service.

If you are a member of the TRS Defined Contribution Retirement Plan (Tier III) you cannot establish an indebtedness unless you return to work in a PERS defined benefit position prior to July 1, 2010.

5. If I have refunded my TRS service and am returning (or have returned to work) as a PERS member, can I establish an indebtedness for my refunded TRS service?

If you are a PERS Tier I, II or III defined benefit member, you can establish an indebtedness for refunded TRS service without reemploying in TRS. However, if you have also taken a full refund of your PERS contribution account, you will need to return to work in either a PERS or TRS position prior to July 1, 2010 to establish an indebtedness and reinstate your refunded TRS service.

If you are a member of the PERS Defined Contribution Retirement Plan (Tier IV) you cannot establish an indebtedness unless you return to work in a TRS defined benefit position prior to July 1, 2010.

6. Once I return to work, will the refunded service count towards vesting or retirement eligibility?

Vesting eligibility and retirement eligibility are based on "paid up" service. The indebted service is not considered "paid up" until the balance owed is paid in full.

7. Can you tell me how much my indebtedness will be?

No. Until you return to work and establish the indebtedness we cannot tell you how much the indebtedness will be.

8. How can I find available jobs in the PERS system?

A list of PERS Participating Employers can be found on our website at <http://doa.alaska.gov/drb/pers/pers-employers.html> . Please contact the participating employers in your area regarding any job opportunities that may be available.

9. How can I find available jobs in the TRS system?

A list of TRS Participating Employers can be found on our website at <http://doa.alaska.gov/drb/trs/trs-employers.html> . Please contact the participating employers in your area regarding any job opportunities that may be available.

10. If I sign a TRS contract prior to July 1, 2010, for the 2010-2011 school year, can I establish an indebtedness for my refunded TRS service?

No. You must be employed in a TRS position, perform work , receive compensation on a full-time or part-time basis and be eligible to make contributions to the TRS for the 2009-2010 school year, before July 1, 2010. Contracts for the 2010-2011 school year begin on July 1, 2010--too late to meet the reinstatement requirements.

11. If I go to work for a PERS employer that has a probationary period before they enroll me in PERS, can I establish an indebtedness for my refunded PERS service?

You must have completed the probationary period, and be contributing to PERS prior to July 1, 2010 in order to be eligible to establish the indebtedness.

Not all PERS employers have "probationary" periods that exclude membership in the PERS. Check with prospective PERS employers to determine if they have a probationary period from PERS and if so how long the probationary period lasts.