
Service Credit

The cornerstone of the PERS DB Plan retirement benefit is a pension calculated using a formula that includes your entry date, years of service, and final average salary. Service can include direct PERS membership service and other forms of service credit that can be claimed by members.

Credited Service

You receive credit for each day of PERS-covered employment. To receive credit for holidays and weekends you must work the day before and the day after. Permanent part-time employees who work at least 15 hours per week, but less than 30 hours, receive credit on a proportionate basis.

The following types of paid PERS service count toward vesting and retirement eligibility but have to be claimed for credit:

- ◆ Permanent full-time and part-time employment with a PERS employer while the employer is participating in the PERS. Some PERS employers have agreed to pay additional contributions to allow employees to receive credit for their earlier service before the employer joined the PERS;
- ◆ Part-time State of Alaska service from 1961–1975;
- ◆ Earlier service before January 1, 1961;
- ◆ Past peace and correctional officer, fire fighter, and special officer service;
- ◆ Elected official service;
- ◆ Alaska Bureau of Indian Affairs service in an Alaskan School; and
- ◆ Leave Without Pay (LWOP) service after June 12, 1987, while receiving Workers' Compensation.

LWOP that exceeds 10 working days in any calendar year is not creditable under the PERS. If you have inappropriately received credit for LWOP on your PERS Statement of Credited Service, you should notify your employer immediately so your records may be corrected.

Service Credit

Military service does not count toward retirement eligibility, but the service will increase your PERS credit.

Temporary service can count toward retirement eligibility in certain circumstances. Contact the Division for more information.

Reinstatement of Refunded Service

If you refunded your PERS contribution account either voluntarily or involuntarily, you may reinstate your refunded service by requesting a reinstatement indebtedness be established for you. The reinstatement indebtedness will include the full amount of the refund plus interest.

If you elected a voluntary refund, you must be reemployed in the PERS in order to reinstate your refunded service.

If your account was refunded involuntarily, you do not have to be reemployed to reinstate your refunded service.

Reinstated service cannot count towards vesting or retirement eligibility unless your reinstatement indebtedness is paid in full.

WARNING

You must request reinstatement of your refunded service prior to July 1, 2010. If you have not requested reinstatement on July 1, 2010, you will forfeit your service and your benefit tier (see page 12).

Refund of Contributions on Cost-of-Living Differential

If you first entered the PERS on or after July 1, 1986 (Tier II or Tier III), and if you receive a higher salary based on the cost of living in a geographic region, then you will make contributions to the PERS based on that increased salary. You must serve one-half of your service time in an area with differential pay for that salary to count towards your retirement calculation. If you haven't met this requirement, then the contributions based on the differential portion of your salary will be refunded when you retire.

Call to Active Duty Military Service

If you are called to active duty either voluntarily or involuntarily during your active PERS service and you return to PERS employment within 90 days of honorable discharge from active duty, your military service is considered membership service time. You will need to submit a written request, along with a copy of your military discharge papers, to have this service time credited. There is no cost for this service.

Claimed Service

You may purchase certain types of service credit in order to increase the number of service years used in the calculation of your retirement benefit. The cost differs depending on the type of service you are eligible to claim.

The following types of service credit can be purchased in the PERS:

- ◆ Full-time temporary service;
- ◆ Military service;
- ◆ Alaska Bureau of Indian Affairs;
- ◆ Unlicensed Vessel Participant Annuity Retirement Plan;
- ◆ Village Public Safety Officer service;
- ◆ Rural Public Safety Officer service;
- ◆ Workers' Compensation; and
- ◆ Temporary Legislative service prior to July 1, 1979.

For more information on specific service purchases, please refer to the individual brochures. Brochures may be downloaded from our website at www.state.ak.us/drj.

Indebtedness Payments

After your indebtedness is established, you may make payments over time or in a lump sum. Automatic payroll deductions may be arranged through your payroll office or payments may be sent directly to the PERS. Interest, at the prescribed rate, will be added each month to

Service Credit

your indebtedness until it is paid in full or you start receiving benefits, whichever occurs first.

For information on making your indebtedness payments, please contact the Division.

You may make payments even if you terminate PERS employment. If you request a refund of your PERS account, payments will not be accepted unless you become reemployed by a PERS employer. There are exceptions under the Conditional Service Benefit and the Special Provision for Elected Public Officers.

Unless otherwise stated in this handbook, if your indebtedness is not completely paid when you retire, your monthly benefits will be actuarially reduced over your lifetime.

The actuarial indebtedness factors that are used to calculate reductions are subject to change based on the system's experience and anticipated future trends. The initial date you entered PERS employment will determine the actuarial factor that will be used in your case. If you need specific information, contact the Division.

You are entitled to the best set of factors in effect during your PERS employment. Sample factors are found in the Appendix. If you need specific factor information, contact the Division.

If the reduction for your claimed service causes your benefit to be less than it would be without the service, that service will not be included in the benefit calculation and any indebtedness payments that you made will be refunded to you.

NOTE

Indebtedness for refunded service must be paid in full prior to retirement if the service will be used to meet retirement eligibility requirements (see Minimum Requirements for service-based retirement on page 34).

Interest on Indebtedness

Interest at the prescribed rate will be added each month to your unpaid indebtedness balance until it is paid in full or you retire, whichever occurs first.

Using Pretax Dollars to Pay Your Indebtedness or Purchase Service Credits

Under certain circumstances, you can pay your indebtedness and purchase service credits (i.e., military service) in the PERS through the use of a pretax transfer of money from certain plans. Please contact the Division for more information.

