



## TRS Claimed Service for Tiers I and II



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Welcome to the Division of Retirement and Benefits presentation on claiming service in the Teachers' Retirement System, commonly referred to as the TRS. This presentation applies to Tier I and II members of the TRS and does not apply to Tier III members of the new Defined Contribution Retirement Plan.



## Introduction

- Understanding the requirements and benefits of claiming service.
- Tier I
  - Members who first entered the TRS before July 1, 1990.
- Tier II
  - Members who first entered the TRS after June 30, 1990, but before July 1, 2006.



This presentation was designed to help you understand the requirements and the benefits of claiming service for credit in the Teachers' Retirement System. But first we will begin by defining Tiers I and II:

You are TRS Tier I if you first entered the TRS before July 1, 1990.

You are TRS Tier II if you first entered the TRS after June 30, 1990, but before July 1, 2006.



## Topics of Discussion

- Types of service that can be claimed.
- Requirements and process to claim service.
- Indebtedness.



The topics of discussion will be:

The various types of service that can be claimed;

The requirements and the process to claim service;

And

How to pay for the cost of the service once indebtedness is established.



## Claimed Service

- Claimed service may increase your lifetime retirement benefit.
- Some types of claimed service can be used toward vesting and retirement eligibility.

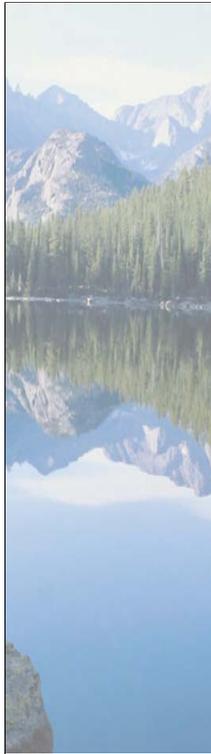


### **Claimed service**

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.

Some types of claimed service can be used toward vesting and retirement eligibility.



## Types of Service

- Military Service
- Outside Service
- Bureau of Indian Affairs (BIA) Service
- Earlier Service
- Leave of Absence Without Pay



Types of service that may be claimed include:

Military service;

Outside Service;

Bureau of Indian Affairs (or BIA) service;

Earlier Service;

And

Leave of Absence Without Pay.

Let's discuss each of these types of service in more detail.



## **Military Service**

- Periods of active military service.
- Calls to active military duty.



### **Military Service**

There are two types of military service that may be claimed for credit in the TRS:

Periods of active military service

And

Calls to active military duty.



## Periods of Active Military Service

- Can claim up to 5 years of active military service in a branch of the regular armed forces or periods of active military duty in the National Guard or a Reserve Unit.
- Members first hired after June 30, 1990, who are retired from a regular branch of the armed forces are not eligible to claim military service.
  - **Exception**
    - All retired National Guard or Reserve Unit members can claim military service.



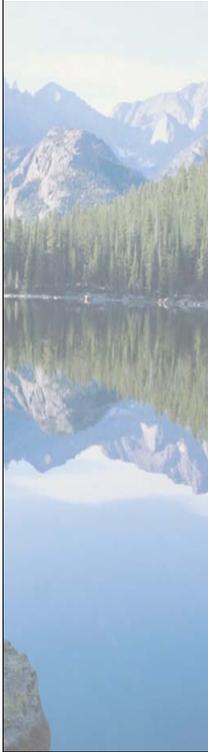
### Periods of active Military Service

You may be eligible to claim up to 5 years of active military service in a branch of the regular armed forces or for periods of active military duty in the National Guard or a Reserve Unit.

Members first hired under the TRS after June 30, 1990, are not eligible for military credit if they are retired from regular service and eligible for a federal benefit for the same service.

The exception to this is:

Retired National Guard and Reserve Unit members may be eligible to claim active military service even though they are eligible to receive a federal retirement benefit for the same service.



## Active Military Service

- Must have received honorable discharge.
- Does not count toward retirement eligibility.
- Must complete application and submit documentation (DD214).
- Indebtedness will be established.



To claim active military service you must have received an honorable discharge. Claimed military service does not count toward vesting and retirement eligibility. Each twelve months of active military service equals credit for one school year. Lesser periods of military service will be credited on a proportionate basis. You must complete the Military Service application and submit it to the division along with appropriate documentation, typically a DD214. Indebtedness for the cost of the military service is established.



## Calls to Active Duty

- Employed with TRS employer and returns to TRS employer after discharge within specified USERRA time frame.
- USERRA entitlement provides no break in regular service.
- Counts toward vesting and retirement eligibility.
- Must claim with a memo and submit documentation (DD214).
- Indebtedness will be established.



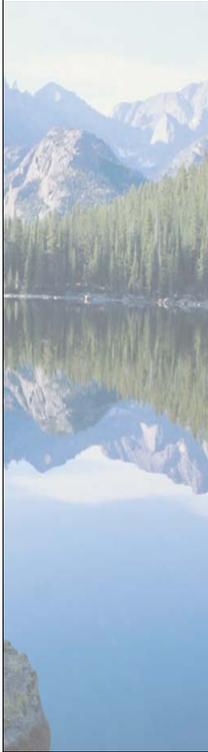
### **Calls to active duty**

Per the Uniformed Services Employment and Reemployment Rights Act, commonly referred to as USERRA, if you are employed with a TRS employer and called to active duty you may claim the active duty as regular membership service when you return to the employer.

The period of leave for the call to active duty does count toward vesting and retirement eligibility.

You must claim the active duty period when you return to the employer by writing a memo requesting the credit and submitting appropriate documentation to the division, typically a DD214.

Indebtedness for the cost of the military call to active duty is established.



## Outside Service

- Can claim up to 10 years of full time outside teaching service.
- Only full years are creditable.
- Combined total of claimed outside service and military service may not exceed 10 years.
- Certified full-time elementary or secondary teacher in a position which requires a teaching certificate as a condition of employment in:
  - out-of-state public school
  - approved or accredited nonpublic school



### Outside Service

You may claim TRS credit for your employment in an out of state school or Alaska private school.

You can claim up to 10 years of outside service providing those years were full school years of 172 days or more of teaching between July 1<sup>st</sup> of one year through June 30<sup>th</sup> of the following year.

If you have also claimed military service, the combined total of claimed outside service and military service cannot exceed 10 years.

Outside service includes:

Employment as a certified full time elementary or secondary teacher or as a certified employee in a full time position which requires a teaching certificate as a condition of employment;

Employment in an out-of-state public school either inside or outside of the United States supported by U.S. funds; or

Employment in an approved or accredited nonpublic school either inside or outside the United States supported by U.S. funds.



## Outside Service

- Full-time employee in an out-of-state institution of higher learning requiring academic standing and accreditation.
- Full-time teacher in an approved or accredited nonpublic institution of higher learning in Alaska.
- Typically does not count toward vesting or retirement eligibility.
- Must complete application and employer must verify periods of service.
- Indebtedness will be established.



You may also claim outside service for employment as a full time employee in an out-of-state institution of higher learning. The institution must require academic standing and accreditation by a nationally recognized accrediting agency. You may also claim outside service as a full-time teacher in an approved or accredited nonpublic institution of higher learning in Alaska.

Although outside service is not membership service, in certain cases it may count toward vesting or retirement eligibility.

You must complete an application and the employer where you performed the service must verify the periods of service.

Indebtedness for the cost of the outside service is established.



## BIA Service

- Alaska Bureau of Indian Affairs (BIA) service.
- Certified full-time teacher in position which required a teaching certificate as a condition of employment; or a professional educator.
- May count toward vesting and retirement eligibility.
- Must complete application and BIA must verify service.
- Indebtedness will be established.



You may be eligible for additional TRS credit for your employment with a Bureau of Indian Affairs school in Alaska.

To qualify for credit, you must have Alaska BIA service as:

A certified full-time teacher in a position which requires a teaching certificate as a condition of employment; or

As a professional educator.

The service may count toward vesting and retirement eligibility.

You must complete an application and the Bureau of Indian Affairs must verify the periods of service.

Indebtedness for the cost of the BIA service is established.



## Earlier Service

- Service with the Territory of Alaska prior to January 3, 1959.
- May not exceed five years.
- Does not count toward retirement eligibility.
- Must claim service.
- Indebtedness will be established.



### Earlier Service

You may be eligible to claim credit for employment rendered to the Territory of Alaska before January 3, 1959.

The credited service may not exceed five years.

Territorial service does not count toward retirement eligibility.

Contact the division for information on how to claim territorial service.

Indebtedness for the cost of this service is established.



## Leave of Absence Without Pay

- You may receive TRS credit for inactive Leave-Without-Pay (LWOP) if it was authorized by your employer.
- Must claim service with employer.
- Employer must certify leave of absence period.
- Does not count toward vesting and retirement eligibility.
- Indebtedness will be established.



### Leave of Absence without pay

You may receive TRS credit for inactive leave without pay if the period of leave was authorized by your employer and you agree to return to work not later than the beginning of the next school year following the leave of absence period.

You must claim the leave of absence period through your employer

And

Your employer must certify the leave of absence period.

Leave of Absence credit does not count toward vesting and retirement eligibility.

Indebtedness for the leave of absence is established.



## Indebtedness

- 7 percent interest compounded annually will continue to accrue until paid in full or you retire.
- Personal check – post tax.
- Payroll pre-tax and post-tax deductions.
- Pre-tax transfer from a qualified Defined Contribution Plan:
  - 403(b)
  - 457 Deferred Compensation Plan
- Unpaid balance taken as actuarial reduction when you retire.



### Indebtedness

Once indebtedness has been established for claimed service it will continue to accrue 7% interest compounded annually until it is paid in full or until you retire, whichever comes first.

There are several payment options available:

You can pay by personal check;

You can set up pre-tax or post-tax payroll deductions through your employer;

You can transfer pre-tax funds from a qualified Defined Contribution plan such as a:  
403(b) Tax Savings or Sheltered Annuity Plan  
or a 457 Deferred Compensation Plan.

If the indebtedness is not paid in full when you retire, it will be taken as an actuarial reduction to your lifetime monthly retirement benefit. If at the time of retirement, the cost of the indebtedness exceeds the benefit it provides, it will not be used.



## Conclusion

- Encourage you to claim service once eligible.
- Claimed service may increase your lifetime retirement benefit.
- Claimed service may count toward vesting and retirement eligibility.



In conclusion

We encourage you to claim service for credit in the TRS because it may serve to increase your lifetime retirement benefit.

If the cost of the indebtedness exceeds the benefit it provides, it will not be used in the final calculation of your lifetime monthly retirement benefit.

Some types of claimed service will count toward vesting and retirement eligibility.



## More Information

- For more information about claiming service in TRS:
  - *Teachers' Retirement System Information Handbook* or
  - See the “Service Purchases” link on the TRS Defined Benefit Plan page on our web site at:  
***[www.state.ak.us/drb/trs/trs.shtml](http://www.state.ak.us/drb/trs/trs.shtml)***



For more information about claiming service in the TRS, please see the Teachers' Retirement System Information Handbook or view the “Service Purchases” page information under the TRS Defined Benefit Plan on our website at: [www.state.ak.us/drb/trs/trs.shtml](http://www.state.ak.us/drb/trs/trs.shtml)

You may also read the TRS handbook on our website.