

Answers to Your Questions about Purchasing Retirement Credit for Out-of-State School Service Prior to PERS Employment (ORS 238.162)

1. What is the “teaching time purchase”?

PERS members can purchase up to four years of time during which they were employed as public school teachers or administrators in one or more states other than Oregon.

2. Who is eligible to make a purchase of teaching time in another state?

The purchase can be made by any PERS member who meets the following requirements:

- is a licensed teacher as defined in ORS 342.120;
- is employed by a common school district, union high school district, or an education service district;
- was employed as a teacher* in a state other than Oregon before being employed as a teacher in Oregon;
- was employed in a public school system (private schools are excluded); and
- is not entitled to a pension or retirement allowance for this service.

*For purposes of this act, “teacher” includes all licensed employees who have direct responsibility for instruction, coordination of educational programs, or supervision or evaluation of teachers. It does not include instructors or professors in systems of higher education.

3. What constitutes a “pension or retirement allowance?”

If you are entitled to a monthly benefit from a governmental plan that is offered by the state in which your teaching service was performed, you are not eligible to make this purchase. You are eligible to make a purchase, however, if you participated in a 401(a) profit-sharing plan, a 403(b) tax-deferred annuity plan, or a 457 deferred compensation plan.

4. Am I excluded if I received a lump-sum payment from my previous teaching service?

No. Whether or not you have received a lump-sum payment (or are eligible to receive one) will not effect your right to purchase teaching time in another state. The legislature’s apparent intention was to avoid situations in which people were receiving “periodic” payments from two similar systems (known as “double-dipping”). A lump-sum payment would not violate that intention.

5. How much time may be purchased?

You may purchase all or part of your eligible teaching time up to a maximum of four years.

6. When can the purchase be made?

The purchase must be made within 90 days of your effective retirement date. It cannot be made sooner than 90 days before your effective retirement date.

7. How will the purchase cost be calculated?

Legislation providing for the teaching time purchase requires that the full cost be borne by the member, not by taxpayers or participating employers.

The amount to be paid to the PERS Board is the full cost to the system of providing the retirement credit to the member. The formulas and factors used to calculate the purchase cost represent the present value of the additional retirement credit that a member can acquire. This

present value includes future cost-of-living increases and any health insurance subsidies that may be applicable as a result of purchasing additional retirement credit.

8. *What is required to verify the period of time I was teaching in another state?*

PERS has prepared a certification form that requires information from you, from the educational system in which you taught, and from your former retirement system. The information provided on the form will be used to determine your eligibility for this purchase. The form can be acquired by calling PERS Customer Service Center.

9. *How can I find out the cost of purchasing my teaching time in another state?*

You can receive an estimate of the cost by doing the following:

- request an Estimate Request form;
- complete the Estimate Request form; and
- send it with the dates of your employment at a public school in another state to:

Customer Service Center
P.O. Box 23700
Tigard, OR 97281-3700

The closer you are to retiring, the more accurate the estimated purchase cost will be.

If you decide to make the purchase, you will be charged \$145 to cover administrative costs.

10. *Can the exact cost be determined before I retire?*

The exact, full cost of this purchase cannot be determined until you retire and your actual retirement benefit has been calculated. Any changes in the effective retirement date, member account balance, final average salary, or service time may increase or decrease the cost to purchase this retirement credit.

If you make the purchase during the 90 days before your retirement and if the actual cost is more than the estimated amount paid, PERS will invoice you for the additional amount required to fund the full cost of the benefit increase. The invoice must be paid, and you cannot cancel the election. If the actual cost is less, PERS will send you a check for the difference.

11. *Where does PERS credit the purchase cost?* Funds will be retained in the PERS trust to pay the monthly retirement benefit attributed to the additional retirement credit for teaching time. There is no statutory authority to credit the cost to your member account.

12. *Will SB 656 and HB 3349 tax remedy benefit increases be applicable to retirement credit for teaching time?*

Yes. If you are eligible for the SB 656 increase, the increase would apply to your entire benefit, including any portion of the benefit that is attributable to purchased service credit under SB 656. If you are eligible for the HB 3349 increase, the purchased retirement credit will be included to determine your benefit increase.

Neither SB 656 (1991, ORS 238.285) nor HB 3349 (1995, ORS 238.830) applies to any person who establishes membership on or after July 14, 1995, even if the period of retirement credit purchased took place before that date.

13. *Is the retirement credit purchased for teaching time counted in determining if I can retire with unreduced benefits?*

Yes. Purchased retirement credit is treated as creditable service for the purposes of PERS

retirement law, ORS chapter 238. Retirement credit purchased will be included to determine your eligibility for an unreduced, early retirement benefit.

14. Is the retirement credit purchased for teaching time counted for eligibility for other purchases?

Purchased retirement credit is treated as “creditable service” for purposes of determining whether you are eligible for either a waiting- time purchase under ORS 238.125 or a seasonal time purchase under ORS 238.135.

Retirement credit will not be counted to determine your eligibility to purchase refunded (forfeited) service time under ORS 238.115(1) or (3).

This Q&A is for general informational purposes only and is not intended to provide legal advice. If there is any conflict between this brochure and federal law, Oregon law, or administrative rules, the law and administrative rules shall prevail.