

Purchasing Service Credit

Alabama state law allows active members to purchase service credit for certain types of past employment. Purchasing service credit may increase the amount of your retirement income or allow you to retire sooner. If you have any questions about purchasing additional service credit, please consult your **TRS Member Handbook** or contact RSA Member services at 877.517.0020.

To purchase service credit, you must ensure there is proper certification of the service. Request the appropriate certification form by contacting Member Services or downloading the form from our Web site at www.rsa-al.gov.

Types of Creditable Service You May be Eligible to Purchase

Military Service in the US Armed Forces

During your first year of participation in the TRS, you may purchase up to four years of eligible military service for which you are not currently receiving service retirement benefits. Weekend service and summer camp service with the National Guard and Reserves are not eligible to be purchased as creditable service. The next opportunity to purchase this military service will be after accumulating 10 years of creditable service and will cost substantially more.

Restoration of Withdrawn Service Credit from the RSA

After completing two years of contributing service, any member who previously participated in either the ERS or TRS and withdrew his or her contributions may restore the previously canceled creditable service. The cost to purchase the withdrawn service is the amount previously withdrawn plus eight percent interest compounded from the date of withdrawal to the date of payment.

Maternity Leave Without Pay

Any active member (male or female) of the TRS may purchase up to one year of credit for each period of maternity leave without pay. The cost to purchase this service is the full actuarially determined cost.

Out-of-State Public Service

Any active member with a minimum of 10 years contributing service, exclusive of purchased military service, may purchase up to ten years of out-of-state public service. The cost of purchasing credit for out-of-state public service is the full actuarial cost.

TRS Support Personnel, Teacher Aide, Job Corps, Teacher Corps and Alabama Public Service

This service may be purchased under the same conditions as out-of-state public service. However, a member can only purchase up to eight years of Alabama public service.

Department of Defense Dependent School Service

Any active member with a minimum of 10 years contributing service, exclusive of purchased military service, may purchase credit for service as a regular employee of a school operated by the U.S. Department of Defense.

Sources of Funds

Members of the TRS who are purchasing any type of permissible service as outlined previously in this section may do so by rolling funds from tax deferred savings plans such as tax sheltered annuities (IRC 403b), deferred compensation plans (IRC 457) like **RSA-1**, IRA (IRC 408), or qualified plan (IRC 401).

The member can have these funds transferred directly from the other plan to the TRS and avoid paying tax at the time of transfer, any early distribution penalty, or required withholding. The necessary form will be provided to members when they are notified of the cost for any service purchases.

Prepared by the Communications staff of the Retirement Systems of Alabama. To have your questions answered in “Preparing for Retirement”, please address them to **Michael Pegues, Communications, Retirement Systems of Alabama, P.O. Box 302150, Montgomery, Alabama 36130-2150**. Please visit our Web site at www.rsa-al.gov.