

## **BACK CONTRIBUTION INFORMATION SHEET - ALL MEMBERS** *(Excluding participants of the Pension Savings Plan and Hiring Hall Service)*

- **What is a Back Contribution Service Credit Purchase program?**

If you are currently an active LACERS Member who was regularly employed by the City on a full/part-time, seasonal, or temporary basis, during which time you were not a LACERS member, you may be able to increase your LACERS retirement benefits through the purchase of a Back Contribution, subject to certain Internal Revenue Code (IRC) requirements and limitations.

- **What makes you eligible to purchase Back Contributions?**

You may be eligible to purchase Service Credit with a Back Contribution if you are:

- An **active** member of LACERS;
- You were regularly employed by the City either full/part-time; and
  - During that time, you were not a LACERS Member or making contributions to LACERS

- **What makes you ineligible to purchase Back Contributions?**

- If you are **not an active** member of LACERS, you will not be eligible to purchase Service Credit. Only current active City of Los Angeles employees who are also active LACERS Members may purchase Service Credit.
- If your prior City service was after 12/11/1993, and you were in the Pension Savings Plan (PSP), you are not eligible to purchase your prior service under this program. Please refer to the "*Back Contribution Information Sheet (Only for participants of the Pension Savings Plan)*" for eligibility requirements.
- If your prior City service was as a Hiring Hall employee, you are not eligible to purchase your prior service under this program. Please refer to the "*Hiring Hall Service Credit Purchase Information Sheet*" for eligibility requirements.

- **How is the amount of Service Credit that is eligible for purchase determined?**

The amount of Service Credit that can be purchased under this program is determined based on the time served as an employee with the City of Los Angeles when you were not contributing to LACERS, excluding any PSP and Hiring Hall service. This program is subject to IRC limitations.

- **Is there a required minimum period of Service Credit that must be purchased?**

No.

- **What can the Service Credit you purchase with a Back Contribution count toward?**

The Service Credit you purchase may count toward:

- Meeting the minimum years of Service to be eligible for a service retirement;
- Increasing your monthly retirement allowance; and
- Qualifying for, or enhancing your retiree medical and dental insurance premium subsidies.

- ***In what ways would your Back Contribution not assist you?***

Because the Back Contribution Service Credit you purchase is retirement related, it will not count toward:

- Increasing your employment seniority or lay-off seniority; and
- Increasing your vacation, sick time, or service pin accrual.

- ***What does it cost to purchase Service Credit with a Back Contribution?***

The Back Contributions shall be an amount equal to all of the contributions you would have made to LACERS had you been a Member during such period, and all regular interest which would have been credited prior to the date of payment.

- ***How can you pay for Back Contribution?***

The following payment options are available for eligible Back Contributions purchases, subject to Internal Revenue Code:

- **Pre-tax:** Pre-tax installment payments are not available; however, you may transfer or rollover funds from an eligible pre-tax retirement fund.
- **Post-tax:** You can make a lump-sum payment via check, biweekly installments deducted from your pay, or a transfer or rollover from an eligible post-tax retirement fund, subject to annual IRC limitations.

**Note:** Transfers or rollovers from Roth IRAs are prohibited pursuant to IRC regulations and will not be accepted by LACERS.

- ***What are the rules for purchasing Back Contributions with a biweekly payroll deduction agreement?***

- Interest will be applied to the total cost for the term of the agreement based on the published assumed rate of return for LACERS' investments;
- Minimum allowable payroll deduction is \$5.00;
- Maximum allowable agreement length is fifteen years (390 payroll periods);
- Deductions will appear on your pay stub the pay period following the execution of the agreement and will stop one pay period after the last purchase payment;
- If you plan to retire before your agreement has been completed, you may make a lump sum payment sufficient to complete the total payment covered by the agreement or receive prorated Service Credit for the period you have paid for, and forfeit the remainder of the Service Credit;
- Upon initiation of the agreement, any payments made to LACERS **will not** be refunded.

- ***How can you apply to make a Back Contribution?***

To apply to make a Back Contribution to purchase Service Credit for prior full- or part-time regular City employment, complete Section (B) of the *Application to Purchase Previous City Service* form and return it to LACERS.

These forms and information sheets are available on our website at [www.LACERS.org](http://www.LACERS.org).

- ***Questions?***

If you have any questions, or need any assistance in completing an *Application to Purchase Previous City Service* form, please contact us at (800) 779-8328; TDD (888) 349-3996.

**Note for Tier 3 Members: Making back contributions shall not allow a Member to establish an earlier membership date for purposes of excluding him or her from membership in Tier 3.**

LACERS benefits are governed by the Los Angeles Administrative Code, Los Angeles City Charter, the Rules of LACERS Board of Administration and the Internal Revenue Code. These Codes and Rules are subject to change. If there are any discrepancies between those governing authorities and the information in this sheet, the governing authorities have precedence.

In order to comply with the Internal Revenue Code, LACERS will evaluate your request for a Back Contribution purchase to determine whether it complies with federal law limits. A Back Contribution purchase that does not comply may be disallowed in whole or in part by LACERS.

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodations to ensure equal access to its programs, services, and activities.