

GOVERNMENT SERVICE BUYBACK INFORMATION SHEET- Tier 1

- *What is the Government Service Buyback (GSB) program?*

The GSB program allows **active** LACERS Members to purchase Service Credit for periods of:

- o Full-time service with other Governmental Entities; or
- o Uncompensated maternity leave with the City of Los Angeles.

- *What makes you eligible to purchase Service Credit under the GSB program?*

You may be eligible to purchase Service Credit under the GSB program if you are an Active Member of LACERS, and:

- o You have at least six months¹ of uninterrupted, full-time service with a single Governmental Entity; or
- o You were on an uncompensated leave of absence from City Service for maternity reasons. The amount of time you can purchase for any one pregnancy is a minimum of one whole month and a maximum of twelve months¹.

- *What is a Governmental Entity?*

The Los Angeles Administrative Code (LAAC) defines Governmental Entity as "...the United States Government including its territories, any agency of the United States Government, the United States Postal Service and any branch of the United States military service; any State or political subdivision thereof; any local government or special district within any State in the United States..."

- *What makes you ineligible to purchase Service Credit under the GSB program?*

You will not be able to purchase Service Credit if any of the following applies to you:

- o You are not actively employed with the City of Los Angeles and not an active LACERS Member;
- o Your service was not full-time and/or at least six months¹ of uninterrupted service with a single Governmental Entity;
- o You received Service Credit from the City for the same period of time;
- o The entity was supported by government contracts or grants, but was not a Governmental Entity as defined above;
- o You were a contractor, not an employee;
- o You were a Hiring Hall employee;
- o Your previous service is with an agency with which LACERS has a Reciprocal agreement and you would be entitled to participate in the Reciprocity program (please see the Reciprocity Information Sheet);
- o You qualified for Reciprocity on the date you were hired by the City, but subsequently lost your qualification because you withdrew your contributions from your previous retirement plan;
- o You withdrew your contributions from your previous retirement plan after your membership with LACERS, and did not deposit the entire gross withdrawn contributions and interest with LACERS within 90 days of such withdrawal;
- o You are receiving a Retirement Benefit from the other entity for the same period of time;
- o If you were not an active employee with the City before and after the maternity leave of absence; or
- o If the purchase would result in a benefit in excess of the IRC 415(b) limitations. As a qualified defined benefit plan, LACERS will not be able to allow service purchases if they result in a benefit in excess of the limitations imposed under IRC Section 415(b).

- *What does the GSB Service Credit you purchase count toward?*

The GSB purchase:

- o Will increase your monthly retirement allowance (if you retire from the City);
- o May help to meet minimum qualifications for a Service Retirement (provided you have five years of Continuous Service with the City);
- o Will help to meet retiree medical and dental insurance premium subsidy requirements (if you meet the minimum City Service/Service Credit requirements).

- *In what ways would your GSB not assist you?*

The GSB purchase:

- o Will NOT count toward establishing the minimum five-year Continuous Service requirement for Service Retirement, Vested Retirement, or Disability Retirement. If you purchase GSB Service Credit and do not establish five years of Continuous City Service or Reciprocity, you will only be eligible for a refund or rollover of your GSB payments;
- o Will NOT increase your employment seniority or lay-off seniority;
- o Will NOT increase your vacation, sick time, or service pin accrual rates.

- *What does it cost to purchase Service Credit under the GSB program?*

The cost depends on whether you withdrew your contributions and interest from the previous retirement plan or your contributions and interest are still on account with the prior retirement plan:

- o If your account has been withdrawn² from the prior retirement plan before your membership date with LACERS, your cost will be as follows:
 - Your retirement contribution percentage rate³ to LACERS
X
 - Your monthly salary³ (biweekly rate X 2.175) at the time you enter into the agreement
X
 - The number of whole months of Service Credit to be purchased.

- o If your contributions and interest are still on deposit with the prior governmental retirement plan, your cost will be the total amount of contributions and interest in your account as a direct trustee-to-trustee rollover to LACERS.

NOTE: You cannot leave your contributions on deposit with the prior plan and purchase Service Credit for the same time period from LACERS. In addition, if you withdraw your contributions from your previous retirement plan after your membership with LACERS, and do not deposit the entire withdrawn contributions and interest with LACERS within 90 days of such withdrawal, you will not be eligible to purchase GSB for the prior service with LACERS.

- *How can you pay for a GSB purchase?*

The following payment options are available for eligible GSB purchases, subject to Internal Revenue Code (IRC) limitations:

- o Post-tax: you can make a lump-sum payment via check, a transfer from an eligible post-tax retirement fund, or in biweekly installments deducted from your payroll check;
- o Pre-tax: Pre-tax installment payments are not available for GSB purchases; however, you may be able to transfer funds from an eligible pre-tax retirement fund, such as Deferred Compensation;

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

- *What are the rules for purchasing GSB with a biweekly payroll deduction agreement?*
 - o 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;
 - o Minimum allowable payroll deduction is \$25.00;
 - o Maximum allowable agreement length is fifteen years (390 payroll periods);
 - o 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;
 - o 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;
 - o The GSB payments made to LACERS will only be refunded upon the earlier of termination of employment from City service or retirement.

- *How can you apply for a GSB purchase?*

To apply to purchase GSB Service Credit for service other than uncompensated maternity leaves, complete a Certification of Service form and return it to LACERS. For purchases of military time, you will need to submit an original Form DD214 or a copy certified by the Department of Veterans Affairs.

For purchases of uncompensated maternity leaves, complete a Certification of Uncompensated Maternity Leave form and return it to LACERS. You will need to submit a copy of the corresponding birth certificate for each maternity leave of absence.

These forms are available on our website at www.LACERS.org.

- *Questions?*

If you have any questions or need any assistance in completing the forms, please contact us at (800) 779-8328.

¹ Purchases made pursuant to the GSB program are in whole-month increments only. Partial months will be rounded down to the nearest whole month pursuant to Division 4, Chapter 10 of the Los Angeles Administrative Code.

² If you recently withdrew your contributions and interest from your prior plan (after your membership with LACERS), the total gross amount of contributions and interest you withdrew must be deposited with LACERS within 90 days of the withdrawal date to qualify for the buyback.

³ If you receive a retroactive increase in your salary or retirement contribution rate after you enter into the purchase agreement, your cost will be recalculated to reflect your new salary and/or retirement contribution rate.

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 GSB purchase to determine whether it complies with federal law limits. A GSB 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.