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## PUBLIC SERVICE BUYBACK INFORMATION SHEET – TIER 1 ONLY

### What is the Public Service Buyback (PSB) Program?

The PSB program allows Active LACERS Members to purchase Service Credit for uncompensated leaves of absence from City Service, other than maternity leaves<sup>1</sup>, and allows Active Members to purchase Service Credit lost due to divorce when an ex-spouse is awarded a Separate Account Allowance.

### What makes you eligible to purchase Service Credit under the PSB Program?

- **Purchase of Service Credit due to a leave:** You may be eligible to purchase Service Credit under the PSB program if you have at least six months of total (aggregate) leave time while employed by the City.
- **Purchase of Service Credit due to Separate Account Allowance:** You may be eligible to purchase Service Credit under PSB equal to any Service Credit awarded to an ex-spouse through a Separate Account Allowance. Please note that if your ex-spouse elected and received a refund of contributions based on the Separate Account Allowance, you may be eligible to purchase your lost Service Credit under more favorable terms through a re-deposit of funds.

### What makes you ineligible to purchase Service Credit for a leave of absence under the PSB Program?

- If your leaves totaled less than six months in aggregate; or
- If you received compensation from the City during the periods of leave.

### What does the PSB Service Credit you purchase count toward?

The PSB purchase will:

- Increase your monthly retirement allowance (if you retire from the City);

### In what ways would your PSB not assist you?

The PSB purchase:

- Will NOT count toward establishing minimum qualifications requirement for a Service Retirement, Vested Retirement, Disability Retirement, or to qualify for Family Death Benefit Plan. If you purchase PSB Service Credit and do not establish five years of Continuous City Service or Reciprocity, you will only be eligible for a refund;
- Will NOT Qualify for or increase your retiree medical and dental insurance premium subsidies;
- Will NOT increase your employment seniority or lay-off seniority;
- Will NOT increase your vacation, sick time, or service pin accrual rates.

### What does it cost to purchase Service Credit under the PSB program?

You contribute an amount equal to the present value of the liability incurred by LACERS in crediting the Service based upon actuarial assumptions in effect at the time the buyback agreement is entered into or amended and the projected retirement date contained in the buyback agreement.

<sup>1</sup>Uncompensated maternity leaves may be purchased under the City's Government Service Buyback program. Please see the Government Service Buyback Information Sheet for details.

In other words, you pay for the full present value of your expected Retirement Benefit that will be based on the period of time you wish to purchase. This means that you would pay your regular contribution and the City's contribution for that period of time.

### **How can you pay for a PSB purchase?**

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

- **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 over a period that shall not exceed five years;
- **Pre-tax:** Pre-tax installment payments are not available for PSB purchases; however, you may be able to transfer funds from an eligible pre-tax retirement fund;

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

### **When will deductions start or end on my pay stub?**

Deductions will appear on your pay stub the pay period following the execution of the agreement and will not stop until one pay period after the last purchase payment.

### **How can you apply for a PSB purchase?**

To apply for a PSB purchase, complete the Application to Purchase Public Service and Acknowledgement of Public Service Buyback forms and return them to LACERS. These forms 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 the Application to Purchase Public Service form, please contact us at (800) 779-8328.

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 PSB purchase to determine whether it complies with federal law limits. A PSB purchase that does not comply may be disallowed in whole or in part by LACERS.

### **ADA NOTICE**

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.