

# Service Credit

For Tiers 2 through 6



Office of the New York State Comptroller  
Thomas P. DiNapoli



NYSLRS

New York State and Local Retirement System

## A Message from Comptroller Thomas P. DiNapoli

When you retire, the pension benefit you receive will be directly related to your retirement service credit.

As a NYSLRS member, you earn service credit for your paid public employment with a participating employer.

You may also be able to receive additional service credit for public employment before you became a NYSLRS member or for military service. This booklet describes the types of additional service credit for which you may be eligible.

Remember, our staff is available to help you and answer your questions.

Sincerely,



Thomas P. DiNapoli  
State Comptroller



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## What is Service Credit?

Service credit is a core component of your New York State and Local Retirement System (NYSLRS) membership. It determines when you are entitled to a pension even if you leave public service before you are eligible to retire (vested). It is one of the eligibility requirements for retirement benefits, death benefits and loans. For most members, the total service credit they have at retirement will directly affect the amount of their pension.

Once you become a NYSLRS member, you receive service credit for all your paid public employment beginning with your date of membership. The amount of credit you receive is based on your earnings and service information your employer reports to us.

You can see your total estimated service credit in *Retirement Online*. Sign in to your account ([web.osc.state.ny.us/retire/sign-in.php](http://web.osc.state.ny.us/retire/sign-in.php)) and scroll down to the 'My Account Summary' area of your Account Homepage.

## Earning Service as a Member

Once you become a NYSLRS member, you receive service credit for all your public employment beginning with your date of membership. NYSLRS refers to this as mandatory service. If you are required to contribute a percentage of your earnings toward your retirement benefits (Tier 3, 4, 5 and 6 members, and Tier 2 members in a contributory plan), you must pay the contributions that are associated with your mandatory service. Generally, these mandatory contributions are deducted from your pay and sent to us by your employer.

If there is a period of time after your date of membership when your employer did not deduct contributions (or deducted insufficient contributions), you will still receive credit for your employment, but you must pay these mandatory contributions plus interest. We will automatically notify your employer to take payroll deductions until the amount is paid. If you have outstanding mandatory contributions when you retire, your pension will be permanently reduced to cover the cost.

## Additional Service Credit

You may be able to receive additional service credit for public employment before your date of membership or for military service. There is usually a cost for additional service. Purchasing additional service credit is optional, but because service credit is a factor in calculating a NYSLRS pension benefit, purchasing service credit will generally increase your pension benefit.

There are several types of additional service:

- **Previous Service** — Service with a participating employer before you joined NYSLRS.
- **Prior** — Service with a participating employer before the employer elected to participate in NYSLRS.
- **Military** — Service in the United States Armed Forces; the amount of credit available and the cost vary depending upon which section of the law applies.
- **Transferred** — Service from an active membership credited in another New York public retirement system.
- **Withdrawn** — Service from a previously withdrawn membership in NYSLRS or another New York public retirement system.

(See pages [7 through 10](#) and [18 through 21](#) for more details about additional service.)

If you wish to receive credit for additional service, you must request it. See the *How to Request Credit* section on [page 11](#) for details.

Your request will be reviewed to determine and verify your eligibility. If you are eligible, we will notify you of the cost (if any). While you are not required to pay for additional service, you will only receive credit if you purchase it.

For previous and prior service, in addition to paying the associated costs (if any), you must earn two years of service credit as a member before your service can be credited. For certain military service, you must have five years of member service credit. You cannot purchase additional service after your retirement date.

There are certain situations where purchasing additional service credit will not increase your pension. See *Should You Purchase Additional Service Credit* on [page 14](#) for more information.

## Previous Service

Previous service is time you worked for a participating employer before you joined NYSLRS. Receiving additional service credit for previous service is optional. You can choose to receive credit, but there is usually a cost.

### Example

You worked at the town library while going to school and, as a part-time employee, you chose not to join NYSLRS. When you graduated and took a full-time job at the Town Supervisor's office, you were required to join. You can request credit for the part-time service at the library.

There may be a cost to obtain credit for your previous service (see chart on [page 8](#)). You can request and pay the cost for previous service any time, however, you must earn two years of service credit as a NYSLRS member before your purchased service can be credited.



## Cost to Purchase Previous Service Credit:

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	Tier 2	Tier 3	Tiers 4 & 5	Tier 6
For non-contributory plans:		For service from 4/1/60 to 6/30/76:	3% of gross earnings plus interest	6% of gross earnings plus interest
Free	3% of gross earnings			
<hr/>				
For contributory plans:	For service from 7/1/76 to 12/31/76:			
Contribution rate	Free			
times gross earnings plus interest				
<hr/>				
	For service on or after 1/1/77:			
	3% of gross earnings plus interest			

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## Prior Service

Prior service refers to any period of time during which you received salary from an employer before the employer elected to participate in NYSLRS. Receiving additional service credit for prior service is optional. You can choose to receive credit, but there may be a cost.

- For Tier 2 and 3 members, there is no cost to obtain credit for this service.
- For Tier 4 and 5 members, the cost is 3% of gross earnings plus interest to the date of payment.
- For Tier 6 members, the cost is 6% of gross earnings plus interest to the date of payment.

Tier 4, 5 and 6 members can pay for prior service any time, however, you must have earned two years of service credit as a NYSLRS member before your prior service can be credited.

## Military Service

If you served in the U.S. Armed Forces, you may be eligible to purchase credit for your military service, regardless of whether your military service was before or after you joined NYSLRS.

There are different sections of the law that allow credit for military service. The amount of military service credit you can receive and the cost (if any) will vary depending on which section of the law allows the credit.

Additional information about military service credit, including eligibility and application requirements under the different statutes of law, is available on our website at [www.osc.state.ny.us/retirement/members/military-service-credit](http://www.osc.state.ny.us/retirement/members/military-service-credit).

## How to Request Credit for Previous, Prior or Military Service

To request additional service credit for previous, prior or military service, sign in to your *Retirement Online* account ([web.osc.state.ny.us/retire/sign-in.php](http://web.osc.state.ny.us/retire/sign-in.php)), scroll down to the ‘My Account Summary’ area of your Account Homepage and click the “Manage my Service Credit Purchases” button. The Service Credit Purchase Accounts page will appear. Click “Request Additional Service Credit.”

You can also apply by mail by submitting a Request to Purchase Service Credit (Including any Military Service) (RS5042) available at [www.osc.state.ny.us/retirement/forms](http://www.osc.state.ny.us/retirement/forms).

Include as much information as you can about the period of employment for which you are seeking credit. If you are applying for military service credit, upload your Certificate of Release or Discharge from Active Duty (DD-214) in *Retirement Online*, or enclose a copy with your paper application. We will determine your eligibility and provide a statement of any cost involved.

**We must receive your service credit request before your date of retirement.**

Requesting credit for your previous, prior or military service as early in your career as possible can be advantageous:

- Records we need to verify your service will be more readily available.
- If there is a cost, it will be less expensive than if you wait to purchase credit at a later date.
- If your tier allows you to discontinue contributions after a defined period of time, you will stop paying contributions sooner.
- Your retirement benefit will be processed more quickly if your service credit request has been reviewed or processed prior to retirement.

If you are requesting previous, prior or military service credit to establish eligibility for a vested retirement benefit, you must request this credit while you are on the payroll of a participating employer. If you receive a statement of the cost after you leave the payroll, you must make payment within 30 days of notification.

**Note: If your purchased service brings your total credited service to ten or more years, you will no longer be eligible to withdraw your contributions and end your membership.**

## Verifying Your Service

When we receive your request for additional service credit, we must first verify your earnings and service dates. We will ask your employer for your monthly earnings and hourly rates of pay. We need this information to determine the amount of credit you are eligible to receive and the cost (if any) to purchase it.

In most instances, your employer will be able to supply us with this information. However, if records are unavailable, we will accept documents such as W-2 forms from your tax returns or Social Security earnings records.

We may ask you to request a “non-certified detailed (itemized) earnings statement” directly from the Social Security Administration (SSA) by completing form SSA-7050-F4. This form is available from your local SSA office, online at [www.ssa.gov/forms/ssa-7050.html](http://www.ssa.gov/forms/ssa-7050.html) or by calling 1-800-772-1213. (We cannot request the information for you.) There is a service charge to obtain this information from the SSA.

Your detailed (itemized) earnings statement includes the names of your employers and your quarterly earnings for each year requested. We can usually get your pay rates from the State or the appropriate local civil service commission.

You can be credited only for employment with an employer that participates in one of the retirement systems listed on [page 20](#), or from military service. You cannot receive credit for service with a non-participating employer or service performed while not on the payroll, such as independent contractor service.

## Should You Purchase Additional Service Credit?

Purchasing additional service credit is optional. Before you pay for additional service credit, you should know that there are some situations where additional service credit may not benefit you. For example, your pension will not increase if:

- You are covered by a retirement plan that provides for a fixed retirement benefit after 20 or 25 years of service and you are already eligible to retire.
- You are a Tier 2 member employed by New York State, covered by the New Career Plan (Section 75-h of the Retirement and Social Security Law), and have 37½ or more years of service credit.
- You are approved for a disability retirement where service credit is not used in the calculation of the benefit.

## Project Your Pension Benefit

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To help you determine whether purchasing additional service credit will benefit you, try projecting your pension with and without the additional credit. If you decide the cost of the additional service credit is not worth the benefit it will provide, you can choose not to pay the cost.

Most Tier 2, 3, 4, 5 and 6 members can use *Retirement Online* to estimate their NYSLRS pension. You can use the salary and service information we have on file for you, or enter different service credit totals, to give you an idea of how much your pension will be. Sign in to your *Retirement Online* account at [web.osc.state.ny.us/retire/sign-in.php](http://web.osc.state.ny.us/retire/sign-in.php), scroll down to the ‘My Account Summary’ area of your Account Homepage and click the “Estimate my Pension Benefit” button.

Most Tier 2, 3, and 4 members can also use the quick calculator on our website at [www.osc.state.ny.us/retirement/members/estimate-your-pension](http://www.osc.state.ny.us/retirement/members/estimate-your-pension). Benefit projections from the quick calculator are based entirely on the salary and service credit information you enter – not NYSLRS records.



## Paying for Additional Service Credit

We will notify you of the amount of your available service credit and the cost to purchase it (if any). There are several payment options from which to choose if you decide to purchase your additional service credit.

- Send us a single lump sum payment by check or electronically through *Retirement Online*.
- Authorize payroll deductions.\*
- Authorize a trustee-to-trustee transfer. We can accept transfers only from certain types of plans. For instance, you may be able to transfer contributions from the New York State Deferred Compensation Plan to pay for service credit. Details will be provided in our letter notifying you of the cost.

You can send a lump sum payment electronically or authorize payroll deductions in *Retirement Online*. You can also increase the payroll deduction amount if you wish to pay the cost more quickly. Scroll down to the ‘My Account Summary’ area of your Account Homepage, and click “Manage my Service Credit Purchases.”

\* If you are currently paying for mandatory service through payroll deductions, your mandatory service must be paid in full before deductions to purchase additional service credit can begin.

If you choose to make payments through payroll deductions, the length of time to purchase your previous service cannot exceed the total service credit you are purchasing. For example, if you are securing one year of credit, payment must be completed within one year.

**Note: We do not accept payments from non-vested members who are off the payroll of a participating employer.**

## Transferring Service

If you are still a member of another New York State public retirement system, you may be eligible to transfer that membership to NYSLRS (ERS or PFRS). To do so, you must:

- Be off the payroll for the employment covered in the other system; and
- File a request with the other system while you have active memberships in both systems, i.e., your memberships have not been withdrawn or terminated. Transfers are not done automatically.

**A transfer application is irrevocable. Your transfer is effective once the application is filed and received by the retirement system from which you are transferring.**

Under certain circumstances, it may not be beneficial to transfer your membership. For example:

- If you are in a special retirement plan that requires 20 or 25 years of service in particular titles to qualify for retirement, your transferred service may not count toward the 20 or 25 years. All transferred service will count toward service credit requirements for vesting, and any disability or death benefits provided by your retirement plan, but only service in the particular titles will count toward the 20 or 25 years needed for retirement.
- If you had a full-time position in NYSLRS and a part-time position in your other system at the same time, you will not receive additional credit for the part-time service.

You should determine whether the service from your other retirement system can be used toward your NYSLRS retirement benefits **before** you apply for a transfer. If you have any questions or if you are covered by a special retirement plan, contact our Call Center at 866-805-0990.

To transfer out of NYSLRS, or transfer between ERS and PFRS, sign in to your *Retirement Online* account at [web.osc.state.ny.us/retire/sign-in.php](http://web.osc.state.ny.us/retire/sign-in.php), scroll down to the ‘My Account Summary’ area of your Account Homepage and click the “Transfer My Membership” button. You can also apply by mail by completing an application to transfer membership, available on our Forms website page at [www.osc.state.ny.us/retirement/forms](http://www.osc.state.ny.us/retirement/forms).

When your application has been processed, your date of membership will be the earlier of your two membership dates. In some cases, depending on your new date of membership, your tier will also change.

Additional information is available on our website at [www.osc.state.ny.us/retirement/members/transferring-or-terminating-your-membership](http://www.osc.state.ny.us/retirement/members/transferring-or-terminating-your-membership).

## Withdrawn Service

You are eligible for a change in your date of NYSLRS membership and perhaps a change in your tier if you withdrew your membership in one of the following public retirement systems in New York State prior to your current membership:

- New York State and Local Employees' Retirement System (ERS);
- New York State and Local Police and Fire Retirement System (PFRS);
- New York State Teachers' Retirement System;
- New York City Employees' Retirement System;
- New York City Teachers' Retirement System;
- New York City Police Pension Fund;
- New York City Fire Department Pension Fund; and
- New York City Board of Education Retirement System.

To return to an earlier tier or an earlier date of membership in your current tier, you must request a tier reinstatement. Sign in to your *Retirement Online* account at [web.osc.state.ny.us/retire/sign-in.php](http://web.osc.state.ny.us/retire/sign-in.php), scroll down to the ‘My Account Summary’ area of your Account Homepage and click the “Reinstate a Previous Membership” button. You can also apply by mail by submitting an Application to Reinstate a Former Membership (RS5506) available on our Forms website page at [www.osc.state.ny.us/retirement/forms](http://www.osc.state.ny.us/retirement/forms).

It is important to note that an earlier tier of membership does not always result in a better benefit. To review detailed information about the benefits provided by the different tiers:

- Sign in to *Retirement Online* and click the “Reinstate a Previous Membership” button on your Account Homepage. After confirming your citizenship status, click the “Next” button to go to the Apply for Tier Reinstatement page. Click the “Review Important Tier Reinstatement Information” link.
- See pages 4 and 5 of the Application to Reinstate a Former Membership (RS5506).

Please review this detailed information carefully before making the decision to reinstate, and contact us with any questions you may have.

## Leaves of Absence

Generally, you cannot receive service credit for any periods of time you are not being paid. This includes unpaid leaves of absence. When you work less than full-time, your service credit is prorated.

Some New York State employees, depending on their bargaining unit, are entitled to accrue credit for salary and service while receiving Workers' Compensation benefits for a job-related injury. This benefit is limited to the first 12 months of leave for each injury.

You must pay the mandatory contributions to cover the time you were on Worker's Compensation leave, unless you are not required to contribute (for example, if you are a Tier 3 or 4 member with ten years of membership or ten years of service credit). The amount you must pay is based on the percentage you normally contribute and the salary you were earning at the time you went on leave, and normally includes interest. Tier 3, 4 or 5 members who are required to contribute, must make 3 percent contributions; Tier 6 members must make contributions based on their rate.

Paying the cost of contributions for the time you were on leave is mandatory. When you return to work, please contact us to determine the amount of mandatory contributions due for the period when you were on Workers' Compensation leave.

## Stay Informed

Your retirement benefits are an important part of a solid financial plan. They can help you and your beneficiaries achieve financial security in retirement or in the event of disability or death. Use these tips to help you stay informed about your benefits.

- Register for *Retirement Online*, a convenient and secure way to review your benefits, update account information and make requests. In many cases, you can use *Retirement Online* instead of mailing forms or calling NYSLRS. Members can view benefit information, update contact information, view and update beneficiaries, apply for a loan, estimate their pensions, request to purchase service credit, apply for retirement and more. Learn more at [web.osc.state.ny.us/retire/retirement\\_online/customers.php](http://web.osc.state.ny.us/retire/retirement_online/customers.php).
- Visit our website ([www.osc.state.ny.us/retirement](http://www.osc.state.ny.us/retirement)) to find forms ([www.osc.state.ny.us/retirement/forms](http://www.osc.state.ny.us/retirement/forms)), publications ([www.osc.state.ny.us/retirement/publications](http://www.osc.state.ny.us/retirement/publications)), benefit information and tips on preparing for retirement, including our 5-Step Plan for Retirement ([www.osc.state.ny.us/retirement/members/planning](http://www.osc.state.ny.us/retirement/members/planning)) and Retirement Planning Checklist ([www.osc.state.ny.us/retirement/members/preparing-retirement](http://www.osc.state.ny.us/retirement/members/preparing-retirement)).



- Attend a pre-retirement presentation to learn about the retirement process and discuss post-retirement issues. At your employer's request, we offer these presentations designed for members within five years of retirement eligibility.
- Make an appointment to speak with an information representative to discuss special concerns or request specific information.
- Notify us if your mailing address changes. This is especially important if you leave public employment before you are eligible to retire. Use *Retirement Online* to update your address.
- Subscribe to our blog, *New York Retirement News* ([www.nyretirementnews.com](http://www.nyretirementnews.com)), where you'll find articles to help you understand your benefits, as well as important retirement news.
- Like us on Facebook ([www.facebook.com/nyslrs](http://www.facebook.com/nyslrs)) and follow us on Twitter ([www.twitter.com/nyslrs](http://www.twitter.com/nyslrs)) for quick tips and updates on a variety of retirement topics.
- Sign up for *E-News*, our email newsletter ([www.osc.state.ny.us/retire/e-news/sign-up/index.php](http://www.osc.state.ny.us/retire/e-news/sign-up/index.php)), for the latest NYSLRS news and information.
- Read your [member newsletter](#) for current retirement information and updates on your benefits.
- Contact us ([www.contactNYSLRS.com](http://www.contactNYSLRS.com)) if you have questions about your benefits.

## Contact Us

If you have any questions or you need more information, we're glad to help.

- **Email form:** [www.emailNYSLRS.com](http://www.emailNYSLRS.com);
- **Call:** 866-805-0990, or 518-474-7736 in the Albany, New York area;
- **Fax:** 518-402-7799; or
- **Write:** NYSLRS  
110 State Street  
Albany, NY 12244-0001.

This publication provides a general summary of membership benefits, rights and responsibilities, and is not a substitute for any New York State or federal law. For specific information about your benefits, please [contact us](#).

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