Payment for Lost Ported Service: Salary Reduction Agreement

- A member may purchase service by electing to have the payments automatically deducted from their bi-weekly paycheck over a 26 bi-weekly payroll period. This option allows a member to make payments to purchase all or a portion of their lost ported service year(s) within a one-year period. Should the member leave service before the 26 bi-weekly period has passed, the member will be credited with the time they had paid for.
- The salary reduction agreement will be irrevocable.
- NERS will adjust the member’s current creditable years of service to reflect the additional service years purchased.

Key Takeaways

Members must be vested in both the transferring and accepting retirement plans.

Eligibility to port service is limited to eighteen (18) months after vesting in NERS.

Transferred creditable years of service are not valued as year for year equivalents. There may be an erosion of years as a result of the portability transfer.

MEMBER:
A Guide to Portability of Service

Retirement Portability from Eligible Plans

Audience: NERS members

Description: Summarizes the Norfolk Employees’ Retirement System (NERS) portability and possible purchase of service options between NERS and certain political subdivisions of the Commonwealth and the Virginia Retirement System (VRS).

DISCLAIMER: This pamphlet summarizes parts of Chapter 37 of the Code of the City of Norfolk. The summaries are intended to provide simplified and meaningful information that is relevant to the average member. Any information that is inconsistent with, or contradicts, Chapter 37 must be disregarded.

The NERS “Know 2 Ask” series provides basic information needed to empower you to ask important retirement-related questions. Knowing who and what to ask is key.
Overview of Portability of Service

NERS has four (4) reciprocal portability agreements that allow the City’s active vested members to transfer or port their vested creditable service years from their past eligible employer into NERS. Active NERS members once reaching their vesting period of five (5) years with NERS may elect to transfer (port) vested creditable service years from eligible previous employer retirement systems into NERS to increase their creditable service years. Members must be vested in both NERS and their previous eligible employer’s retirement plan. Once vested with NERS, you will have eighteen (18) months to request a transfer (port) of your previous employer's creditable service years into NERS. Porting previous employment years may allow a member to reach the required creditable years of service to retire or increase their NERS monthly benefit.

Know the Impact

❖ Reciprocal Portability of Service Agreement Partners in Virginia
  ➢ Newport News Employees’ Retirement Fund (NNERF)
  ➢ Richmond Retirement System (RRS)
  ➢ Roanoke Pension Plan (RPP)
  ➢ Virginia Retirement System (VRS)

❖ Requirements for Portability
  ➢ A NERS member requesting to transfer (port) service must be vested in both NERS and the retirement plan of a participating partner.
  ➢ A NERS member must request for the transfer of service no later than eighteen (18) months after the date they become vested in NERS.

❖ Calculation of Creditable Years of Service
  To determine the value of the ported service from your previous employer’s retirement plan into NERS, the value and information of the member's previous employer's retirement plan will be submitted to an actuary, who will determine the value of the transferred service credit that will ported into NERS. The value of ported creditable service years will not be equivalent year for year. (For example: The value of 10 years of creditable service years with a previous retirement plan may port into NERS as 8.25 creditable service years. In this example, there is a value loss of 1.75 years by transferring previous service into NERS.)

❖ Purchase of Lost Creditable Years of Service
  Due to the possible lost time as a result of porting service from a previous employer’s retirement plan, NERS members may elect to purchase up to four (4) years of the lost creditable service years to ensure the same number of service years from their previous retirement plans are transferred and accounted for in NERS. (As in the example above, within 18 months of vesting the member may purchase the lost 1.75 service years, the difference of 8.25 years from the original 10 years ported.) You cannot purchase service years to increase your creditable service years to exceed the maximum number of service years allowed per City Code.

❖ Purchase of Lost Ported Service
  A member may elect to purchase up to four (4) of lost service years by making a one-time payment. This payment may be a certified bank check or a one-time withdrawal of funds from their ICMA-RC account paid directly to NERS. NERS will adjust the member’s current creditable years of service to reflect the additional service years purchased.