MEMBER:
A Guide to Purchase of Military Service &
Restoring Creditable Service

Audience: Active NERS members

Description: Summarizes the Norfolk Employees’ Retirement System (NERS) purchase of previous military service and restoration of previous NERS creditable service years.

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 Purchase of Prior Military Service

Any full-time employee who has previous active duty military service, that has not been recognized as creditable service, may elect to purchase up to four (4) years of the military service. Purchase of military service requires a member to be vested (have 5 years of creditable service with NERS) or have reached their normal service retirement age.

Purchasing service may allow a member to reach the required amount of creditable service years needed to retire or to increase their retirement allowance. To document previous military service, a DD-214 form will be required at the time of purchasing military service.

Know the Impact

NERS will calculate the purchase of service based upon the actuarial factors, which are adopted by the NERS Board of Trustees. The calculation is determined by the member’s age, current salary and years of creditable service.

❖ Purchase of Service: Lump Sum Payment

➢ A member may elect to purchase service in full, using a certified bank check or a one-time withdrawal of funds from their ICMA-RC account paid directly to NERS. A member may use both a certified check in combination with ICMA-RC funds to make the one-time lump sum payment for the purchase of service.

➢ Upon receipt of the payment in full for the purchase of service, NERS will adjust the member’s current creditable years of service to reflect the additional amount of service years purchased.
Purchase of Service: Salary Reduction

- A member may purchase service by electing to have the payments automatically deducted from their bi-weekly paycheck in one year increments. This option allows a member to make payments to purchase one year of service at a time. The cost for one year of military service will be deducted over a 26 bi-weekly payroll 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.

- Once NERS has received confirmation the purchase of service payment has been made in full, NERS will adjust the member’s current creditable years of service to reflect the additional service years purchased.

*Purchase of Service can only be processed while a member is an active employee.

Overview of Restoration of Previous Creditable Years of Service

If you were previously employed with the City of Norfolk in a NERS eligible position, you may elect to restore your previous NERS creditable service. To restore your previous creditable service you must pay back the mandatory contributions, plus interest that were refunded to you by NERS.

Know the Impact

Upon receipt of the reimbursement of your mandatory contributions for your previous creditable years of service, NERS will adjust your current creditable years of service to reflect the additional amount of previous creditable service.
Key Takeaways

❖ Purchase of Service
➢ NERS members must be vested.
➢ Members may purchase 1 day up to 4 years of previous active duty military service.
➢ Members may elect to purchase service in a one-time lump sum amount or through an irrevocable annual salary reduction agreement.

❖ Restoration of Previous Creditable Service Years
➢ Members were previously employed in a NERS eligible position and have been rehired.
➢ Members were not previously vested in NERS.
➢ Current NERS members may elect to reimburse NERS the amount of the refund of mandatory contributions they received when they left City service and have their previous creditable years of service restored.
➢ Members that elect to not reimburse NERS the amount of their mandatory contributions received when they left the City will not be credited with any of their creditable service years.

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