



# A Guide to Purchasing Prior Military Service & Restoring Prior Creditable Service

Audience: Eligible City Employees

Description: Summarizes the NERS purchase of previous military service and restoration of previous NERS creditable years of service.

**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 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**

NERS provides a defined benefit retirement plan, meaning the retirement benefit allowance is fixed at retirement based on salary information, creditable service years and a retirement multiplier as of the retirement effective date.

Increasing creditable service years may allow a member to reach the required amount of creditable service years needed to retire or to increase their retirement allowance. The NERS allows eligible members to purchase time for active duty military service and return refunded contributions to restore previous NERS service.

## **Purchase of Prior Military Service**

- **Who can purchase prior military service?**
  - Any NERS member who has previous active duty military service before they were hired by the City of Norfolk.
- **Requirements**
  - Active, full-time employee, who is a vested NERS member.
  - A DD-214 form is required to document previous active military service.
- **How much prior military service can be purchased?**
  - Up to four (4) years.

## **Restoration of Previous NERS Service**

- **Who can have previous creditable years of service restored?**
  - Any active, vested NERS member who was previously employed with the City of Norfolk who received a refund of their mandatory member contributions.
- **How much prior service can be restored?**
  - A member can only purchase the amount of time they were refunded for the period of previous NERS membership.
- **Requirements**
  - An active, vested NERS member.
  - Must return the full amount of refunded NERS mandatory member contributions and interest, in a lump sum payment before the member's retirement effective date.

## **Paying for Additional Service Credit**

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

- **Lump Sum Payment**

- A NERS member may elect to purchase prior military service or to restore previous creditable years of service by issuing payment in full directly to the NERS, using either a certified bank check, a one-time withdrawal of funds from their deferred compensation plan (457) account, or a combination of a certified check and 457 funds.

- **Salary Reduction**

- A NERS member may elect to purchase prior military service through an irrevocable salary reduction agreement. This option is not available for restoration of previous creditable years of service.
- A member may purchase prior military service in one year increments, automatically deducted from a member's biweekly paycheck, deducted over a 26 biweekly payroll period.
- Should the member leave service before the 26 biweekly period has passed, the member will be credited with the time they paid for.

## **Know the Impact**

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

## **VRS Members**

Virginia Retirement System (VRS) members may be able to increase their VRS benefit by purchasing prior VRS or active duty service. Contact VRS with questions.

## **Portability of Service**

Please review the Know 2 Ask *A Guide to Portable Service from Eligible Retirement Plans* for additional information.

## **Key Takeaways**

- **Purchase of Military Service**
  - Vested NERS members may purchase up to four (4) years of previous active duty military service.
  - Members may purchase prior military service through a one-time lump sum payment or through an irrevocable annual salary reduction agreement.
- **Restoration of Previous Creditable Years of Service**
  - Active, vested NERS members can have their previous non-vested NERS service restored upon returning the amount of the refunded mandatory contributions and interest.

## **Finance Retirement Office**

### **Key Areas:**

- NERS Retirement Benefits

### **Phone:**

**(757) 664-4738**

### **Email:**

**retirement@norfolk.gov**

### **Website:**

**www.norfolk.gov/retirement**

### **Mailing Address:**

**City of Norfolk Retirement  
810 Union Street, Suite 309  
Norfolk, VA 23510**

## **Virginia Retirement System (VRS)**

### **Key Areas:**

- VRS Retirement Benefits

### **Phone:**

**1-888-827-3847**

### **Website:**

**www.varetire.org**