



A Guide to Portable Service from Eligible Retirement Plans

Audience: Norfolk Employees' Retirement System (NERS) Members

Description: Summarizes the option to port (or purchase) previous retirement benefits, service credit, between the 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 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

The Norfolk Employees' Retirement System (NERS) has four (4) reciprocal portability agreements that allow the City's active vested NERS members to port (or purchase) their retirement benefit assets or vested creditable service years from their past eligible employer into the NERS.

What Does Portability of Service Mean?

Retirement benefits that are portable may provide a member the ability to transfer the value of their retirement benefits (service) into another eligible employer's retirement plan.

You may be eligible to port (or purchase) retirement service from a former employer's plan into the NERS resulting in an increase to your creditable years of service. Increasing your creditable years of service may enable you to meet your service retirement eligibility requirement earlier or possibly increase your monthly NERS retirement benefit.

NERS Portability Partners

Active vested NERS members may port (or purchase) retirement benefits (service) from the following retirement plans into the NERS:

- Newport News Employees' Retirement Fund (NNERF)
- Richmond Retirement System (RRS)
- Roanoke Pension Plan (RPP)
- Virginia Retirement System (VRS)

Does NERS Membership Require Porting of Benefits?

Porting additional retirement benefits (service) into the NERS is optional, but time sensitive.

Requirements

- You must be vested in both the NERS and the retirement plan of a participating portability partner.
- You must request to port (or purchase) retirement benefits (service) **no later than eighteen (18) months after the date you become vested in the NERS.** After the 18-month election period, members forfeit the ability to port retirement benefits.
- The combination of your purchase of service credit and creditable service cannot exceed thirty-five (35) years for general employees or exceed sixty-five percent (65%) of your average final compensation for police officers and firefighters per City Code.

Factors to Consider

Before porting (or purchasing) previous retirement benefits (service) into the NERS consider the following:

- Request an estimate to identify the amount of prior service that will transfer into the NERS.
- The value of ported (or purchased) previous service may not be an equivalent year for year exchange between retirement plans.
- Request a cost estimate to purchase any prior service that may not transfer (“lost” creditable years of service) into the NERS.
- Possible impacts associated with your eligibility to receive retirement benefits from your previous employer.
- Increasing your creditable years of service may enable you to meet your service retirement eligibility requirement earlier or possibly increase your monthly NERS retirement benefit.

Value of Ported (or Purchased) Service Credit

NERS will calculate the value of the ported (or purchased) service credit using actuarial factors adopted by the NERS Board of Trustees. The value of ported (or purchased) previous service may not be an equivalent year for year exchange between retirement plans.

Example: 10 years of creditable service with a previous retirement plan may be valued to port (or purchase) into NERS as 8 creditable service years. In this example, there is a loss of 2 years if this previous service is transferred (or ported) into the NERS, also called “lost ported service”. A NERS member may be eligible to purchase lost ported service.

Purchasing Lost Ported Service

Lump Sum Payment A NERS member may elect to purchase up to four (4) years of lost ported service by making a one-time lump sum payment directly to the NERS, using either a certified bank check, or a one-time withdrawal of funds from their deferred compensation plan (457) account.

Purchasing Lost Ported Service (continued)

Salary Reduction A NERS member may elect to purchase lost ported service through an annual irrevocable salary reduction agreement.

Purchase of lost ported service payments will automatically be deducted from the member's biweekly paycheck.

Should the member leave service, retire or pass away prior to fulfilling the salary reduction agreement, the member will be credited with the amount of service time they had paid for.

Key Takeaways

- You must be vested in both the NERS and the retirement plan of a
- You must request for the porting (or purchase) of service no later than eighteen (18) months after the date you become vested in the
- The value of ported (or purchased) previous service may not be an equivalent year for year exchange between retirement plans. There may be lost ported service.
- You may purchase up to four (4) years of lost ported service through a one-time lump sum payment or through an irrevocable annual

Finance Retirement Office

Key Areas:

- Retirement Benefits
- Creditable Service

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**