

REQUEST TO PURCHASE PREVIOUS SERVICE

IMPORTANT: TURN THIS FORM OVER AND READ THE INSTRUCTIONS FIRST.
 MEMBER SHOULD COMPLETE FORM DOWN TO DOTTED LINE.

FOR RETIREMENT USE ONLY FORM 26 (REV. 11/07)

APPLICANT'S SOCIAL SECURITY NUMBER _____ FORMER NAME(S) _____ DATE OF BIRTH _____
 NAME _____
 Month Day Year

First Initial Last

HOME ADDRESS _____

Number and Street _____

City _____ State _____ Zip Code _____

- CHECK TYPE OF SERVICE REQUESTED**
 (see back of form)
- In State Service
 - Leave of Absence
 - State Redeposit
 - Non-State Service
 - Municipal Redeposit
 - Other _____

FORWARD THIS FORM TO THE AGENCY INDICATED BELOW FOR VERIFICATION	DATES OF SERVICE TO BE PURCHASED	
	FROM MO. DAY YR.	TO MO. DAY YR.
Provide Name and Address of Place of Employment or Retirement System during the period to be purchased		

Note: Enter proposed retirement date if applicable: _____ and amount of service to be purchased: _____ years, _____ months.
 Also submit Form -9 (Application for an Estimate of Service Retirement Allowance) if applicable.

Member's Signature _____ Date _____ Day-time phone# _____

MEMBER CANNOT VERIFY HIS/HER OWN EMPLOYMENT

VERIFICATION OF EMPLOYMENT: MUST BE COMPLETED BY EMPLOYER

AGENCY	DATES OF SERVICE						ANNUAL SALARY	IF THIS PERIOD WAS A LEAVE OF ABSENCE, WHAT WAS THE REASON?	TYPE OF EMPLOYMENT				CLASSIFICATION OR POSITION
	FROM			TO					CHECK: <input type="checkbox"/> FULL-TIME <input type="checkbox"/> PART-TIME				
	MO	DAY	YR	MO	DAY	YR			PERM.	TEMP.	OTHER	% OF TIME WORKED	

I Cannot Verify The Requested Employment

Signature of Verifier _____ Title _____ Telephone No. _____ Date _____

CERTIFICATION OF WITHDRAWN MEMBERSHIP: MUST BE COMPLETED BY PREVIOUS RETIREMENT SYSTEM

RETIREMENT SYSTEM	DATES OF MEMBERSHIP						TOTAL SERVICE		TOTAL AMOUNT			DATE WITHDRAWN (IF APPLICABLE)
	FROM			TO			YEARS	MONTHS	CONTRIBUTIONS	INTEREST	TOTAL	

I Cannot Provide Requested Information

IS APPLICANT RECEIVING A BENEFIT FROM YOUR SYSTEM FOR THIS PERIOD OF SERVICE? YES NO

Signature of Certifier _____ Title _____ Telephone No. _____ Date _____

INSTRUCTIONS FOR COMPLETING FORM-26

TO THE MEMBER:

Complete all sections of the form down to the dotted line. Use a separate form for each employer or retirement system. To purchase retirement credit for EMPLOYMENT, indicate the agency name and address where you were employed and the period of service worked.

To redeposit or transfer credit from a RETIREMENT SYSTEM, indicate the name and address of the retirement system and dates of your former membership. Sign and date the form; upon completion, submit it to the agency verifying employment.

TO THE AGENCY VERIFYING EMPLOYMENT:

Verify employment and yearly salaries, including employment dates (month/day/year), resignation dates, periods of leave of absence (indicate reason) and dates of salary changes.

Indicate the percentage of part-time employment for each year or partial year of employment.

Indicate position, title and type of employment (for example: permanent, temporary, contractual, etc.)

Verification must be signed and dated.

Upon completion, return to the State Retirement Agency, 120 East Baltimore Street, Baltimore, MD 21202-1600.

TO THE RETIREMENT SYSTEM CERTIFYING MEMBERSHIP:

Certify amount of service credited and refund given to former member of your system.

Withdrawal date and total amount withdrawn must be completed. If retirement plan is non-contributory, indicate under Total Amount Withdrawn.

Important: Indicate if member is currently receiving a benefit from your system for this period of service.

Certification must be signed and dated.

Upon completion, return to the State Retirement Agency, 120 East Baltimore Street, Baltimore, MD 21202-1600.

NOTE: If the previous Retirement System is the State Retirement and Pension System of Maryland, this section is to be left blank.

TYPE OF SERVICE REQUESTED

In State Service--Employment with an agency which participates in the State Retirement and Pension System. This includes: State Employment, Permanent Teaching Service, and employment with a participating municipality.

Leave of Absence--Credit for a qualifying approved leave of absence up to a maximum of 2 years.

State Redeposit--Funds previously withdrawn from the State Retirement System of Maryland.

Non-State Service--Credit for out of state and/or private school teaching, federal government, out of state municipal and non-participating municipal service, (may only be claimed in the twelve month period immediately preceding retirement).

Municipal Redeposit--Redeposit of funds withdrawn or credit transferred from a municipal retirement system.

Other--If none of the above apply, describe the type of service to be purchased.

Note: *If service may be claimed only in the year of retirement, enter proposed retirement date and amount of service to be purchased. Also, submit Form -9 (Application For an Estimate of Service Retirement Allowance). The proposed effective date of retirement must be within one year of application.*

When complete, send this form to the agency or retirement system you have indicated.

NEED HELP?

IF YOU NEED HELP TO COMPLETE THIS FORM, CALL A RETIREMENT COUNSELOR AT
410-625-5555 (LOCAL) OR TOLL FREE 1-800-492-5909.

Frequently Asked Questions...

when filing the

Request to Purchase Previous Service (Form 26)

Please review the following information when applying to purchasing service credit.

For retirement assistance call: 410-625-5555 or 1-800-492-5909.

Question: What types of service are purchasable?

Answer: Generally, for most plans, a member may purchase service credit for eligible employment such as:

- Maryland state employment (in-state service)
- Political subdivision employment
- Out of state teaching service
- Federal government employment
- Public or non-public teaching service
- Post-secondary school teaching service
- Approved leave of absences
- Retroactive or missed service

Question: Who qualifies to purchase service credit?

Answer: Members currently on paid employment or on a Maryland State Retirement and Pension System (MSRPS) approved leave of absence (Form 46).

Question: How is the cost of the purchase calculated?

Answer: The cost of the purchase depends on the type of service requested for purchase. There are two methods to determine cost.

Normal Cost

This type of cost is determined by calculating the contributions the member would have paid for the period in question, plus the statutory rate of interest.

Examples of Normal Cost purchases are:

- Retroactive or missed service
- MSRPS approved leave of absence
- Redeposit of previously withdrawn service credit

A normal cost purchase can be made at any time during your membership.

Full Cost

This type of cost is determined by computing the additional reserves needed to fund the retirement benefit created by the additional service credit to be purchased. Some of the factors that are part of this calculation are the member's age and average final compensation at the time of retirement. The information required to calculate the reserves needed to fund your retirement is only available as you approach retirement. Therefore, an application for a full cost

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purchase may only be made in the 12 months prior to retirement. The final cost is adjusted at the time of actual retirement.

Examples of Full Cost purchases are:

- Out of state teaching service
- Federal employment
- Out of state municipal employment
- Contractual service as a state employee

Question: Why is the average final compensation at the time of retirement used and not the salary in effect from the employer where the time is being purchased?

Answer: In order to compute the cost of a full cost purchase, we have to calculate the additional reserves that will be needed to fund the retirement benefit created by the additional purchased credit. Because your Average Final Compensation (AFC) is used to calculate your retirement benefit, it must also be utilized to calculate the cost of the purchase. A calculation is completed using the AFC to show the difference between the reserves needed to pay the retirement benefit with and without the purchase of service. The difference is the calculated cost of the purchase.

Question: Why is the purchase price for a Full Cost purchase prohibitively expensive?

Answer: A member is paying the additional reserves needed to fund the retirement benefits for the life of the member.

Question: How much service can a member purchase?

Answer: When purchasing service that is considered full cost within the 12 months prior to retirement, members may purchase a minimum of one month up to a maximum of 10 years of service credit. Some restrictions apply, so please see your benefits handbook.

An MSRPS approved leave of absence must be purchased in its entirety with a maximum service amount of two consecutive years. All other normal cost purchases must be purchased in their entirety as well, but there is no limitation on the amount of time purchasable. Anytime during membership, a member may purchase service that is considered normal cost.

Question: Is a purchase of service voluntary or mandatory?

Answer: A purchase of service is always voluntary.

Question: What are the steps necessary to request a purchase of service?

Answer: A member must complete a Form 26 – *Request to Purchase Previous Service* for each location from which they wish to purchase service. Complete the form by filling in all the information down to the dotted line, including type of service, previous agency information, dates of service, retirement date and the amount of service you wish to purchase. Mail the completed Form 26 to your previous employer for verification; once the form has been verified it is then forwarded to MSRPS. The Agency will then bill you for your purchase request. For additional information on how to complete the Form 26, please see the instructions page attached to the form.

- Question: Why does MSRPS need verification of previous service and what should I do if my former employer cannot provide it?
- Answer: Verification of previous employment is important in order to correctly bill the member for the purchase of service. In order to correctly assess the purchase cost, we must know the specific dates a member worked, salary history, and the type of employment. If there is an issue with verification from your former employer, please contact a retirement benefits specialist who may be of assistance.
- Question: When should a member make a request to purchase full cost service?
- Answer: A member should start the process to purchase full cost service 12 months prior to retirement. This provides a reasonable amount of time for the verification of service, the calculation of the purchase cost, and for your payment to be received at our agency.
- Question: Why can I only request a bill for a full cost purchase within 12 months preceding my retirement?
- Answer: The information required to calculate the reserves needed to fund your retirement is only available as you approach retirement. Some of the factors involved in the calculation are age, average final compensation, and the actual date of retirement.
- Question: What payment methods are available for purchases of service credit?
- Answer: Payment may be made by:
- Personal check
 - Cashier's check
 - Certified check
 - Money order
- In addition, federal law allows a member to roll funds from another tax deferred or eligible employer plan for a purchase of service credit. Under Federal law, MSRPS can accept transfers from a:
- Traditional IRA
 - Eligible employer plan under §401(a) of the Internal Revenue Code including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan and money purchase plan
 - Section 403(a) annuity plan
 - Section 403(b) tax sheltered annuity
 - Section 457(b) government plan
- Question: What happens if I do not pay the purchase of service invoice prior to the due date?
- Answer: Although multiple payment sources may be used to make the purchase, the cost must be paid in full before the service is credited to your account. Failure to pay by the due date voids the transaction. A new Form 26 would need to be completed with an updated retirement date; upon receipt, a new cost to purchase the service would be calculated.
- Question: Who qualifies for a 50% reduction in cost?
- Answer: Members of the Employees' Pension System may purchase service credit for periods of state employment not in their account at a cost equal to 50% of the full cost. Members of the

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Teachers' Pension System can also purchase service credit for periods of employment as a member of the Teachers' Retirement System or the Teachers' Pension System which are not in their account at a 50% reduction in the full cost.

The reduction in cost is applied if:

- You are not employed by a participating or withdrawn local governmental unit (refer to the agency's Comprehensive Annual Financial Report on our website for a list of withdrawn units) and
- You are not otherwise entitled to service credit in a state system for the same period of employment.

If you are eligible for this cost reduction, it is already applied to the bill sent to you.

Question: How do I know if I should purchase service credit?

Answer: Making a service purchase increases the amount of your retirement benefit. In some cases, a purchase will also make you eligible to retire sooner.

While completing your Form 26, if you are eligible to retire within 12 months, please fill out an *Application for an Estimate of Service Retirement Allowance* (Form 9 for most members). Please check the box at the bottom of the form indicating that you are interested in purchasing service. After you receive the bill regarding your purchase of service request, estimates will be mailed to you that reflect your monthly pension benefit with the purchase of service calculated into the benefit and without the purchase. Compare the monthly benefits and determine if the purchase is in your best interest.

Question: How does the purchase of service affect the Basic Allowance option for retirement if I die shortly after retirement?

Answer: Because the Basic Allowance option pays you the largest possible benefit each month until your death, the purchase of service increases your monthly benefit amount when compared to the amount you would receive without the service purchase. However, if you elect the Basic Allowance, all monthly payments stop at your death (including eligible beneficiary health insurance coverage for state employees, if applicable). After your death, your beneficiary or estate receives one additional monthly payment only if your death occurs on the 16th of the month or later.

Question: What is a redeposit?

Answer: If you are currently in the Employees' or Teachers' Pension System (restrictions apply) and had previously terminated your plan membership by withdrawing your accumulated contributions, you may be eligible to redeposit funds to purchase this prior service. The redeposit can be made any time before retirement by paying the member contributions you would have made for the period of employment being purchased, plus the statutory interest.

To make a redeposit and reinstate your prior service credit, you need to complete Form 26 and send it to the Retirement Agency for processing. The agency will send you a bill for the actual amount you owe.

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Question:

What if I have any further questions or need any help with completing the forms?

Answer:

Please contact the State Retirement Agency at 410-625-5555 or toll-free at 1-800-492-5909 and speak with a retirement benefits specialist for any further assistance. Copies of the Form 26 and our other forms can be obtained from your Retirement Coordinator, your human resources department, on our website at sra.maryland.gov or by calling our office at the telephone numbers shown here.