

MEMBER EDUCATIONAL VIDEO SERIES

#9 PURCHASING SERVICE CREDIT

Transcript

Hi, I'm Mark with TRS.

Service Credit, what is it?

TRS service credit is an important part of determining and calculating eligibility for retirement benefits. It affects the amount of service or disability retirement benefit you may receive when you retire. It can also affect the benefits paid to your beneficiary.

As a member, you can earn service credit in two ways:

Through employment in Texas public education, and

By purchasing service credit when eligible to do so.

This video will introduce you to the different types of service credit eligible for purchase, the methods of payment, and restrictions that may apply.

There are ten different types of service credit eligible for purchase. The most common are: withdrawn service, out of state, and military service credit.

Service credit can be purchased in three different ways, depending on the type you're eligible for. These methods include:

lump sum

monthly installments, or

rollover from another eligible retirement plan or a direct trustee-to-trustee transfer from a governmental 403(b) plan or a governmental 457(b) deferred compensation plan.

Service credit costs must be fully paid by the time of retirement. Different types of service credit may also be purchased at the same time.

Please note that IRS restrictions can affect your ability to purchase service credit and your method of payment for the purchase of service credit.

If you would like to find out more about the different types of service credit and the eligibility requirements to purchase, please contact TRS. You may also view additional information in the TRS Service Credit brochure available at trs.texas.gov.

Remember, you should carefully consider purchasing service credit when you are first eligible to do so because the cost to purchase service credit generally increases over time.

In most cases, if the service credit is not fully paid, or a completed installment agreement is not received by August 31st, the last day in the plan year, the cost will increase.

TRS encourages members to plan early for service credit purchases. If you meet the eligibility requirements for purchasing service credit, contact TRS to obtain a cost statement and begin the purchase.

Thanks for watching!