Reinstating, Purchasing or Reciprocity of Service

What is Service?

Service is time you spend in a position eligible for KCPSRS membership. You earn service toward retirement while working for a KCPSRS-participating employer. Your total service at retirement is one of the factors used to determine your eligibility for retirement and the amount of your retirement benefit.

When you have at least five years of service, you are vested, and can receive lifetime retirement benefits when you are eligible to retire.

Why Consider Reinstating, Purchasing or Reciprocity of Service?

You may be able to increase your benefit or become eligible for retirement sooner by reinstating, recognizing, purchasing, or transferring other allowable service to your KCPSRS membership.

Reinstatement of Prior KCPSRS Service

You can buy back, or reinstate, all the service you forfeited by taking a refund of your past contributions and interest. The cost of the purchase will be the sum of the accumulated contributions and interest withdrawn plus interest from the date of withdrawal to the date of payment. Reinstated service may be used to count toward vesting.

Purchase of Service

There are two types of service purchases:
1. Purchases based on leave from a KCPSRS-participating employer
2. Purchases using basic purchase cost

Purchases Based on Leave

Leave of Unpaid Absence

Any active member who is granted a qualified leave of absence, by their employer, may purchase creditable service for the period of leave if the following conditions are met:

1. The leave must be granted by the employer’s governing board for academic or health/family leave purposes,
2. The member must return to employment within one year of the leave approval date.

Purchased leave time may be used to vest. You must apply for service credit and pay for the credit before retirement. The cost of the purchase and the method of payment will depend upon several factors. Call the KCPSRS office for more information.

Military Leave

Any active member of KCPSRS who enters service in the armed forces of the United States, after reemployment and before retirement, may purchase and receive credit for the military service. For this service to be eligible for credit the period of leave must not exceed five years, it must have ended in an honorable discharge, and application for reemployment with the KCPSRS participating employer must have been filed within required time periods (details available from KCPSR office) after termination of active duty. The purchase must be made within five years from the date of reemployment. Purchased service for periods of military leave may be used to vest.
The cost to purchase military service is calculated by multiplying the salary that you would have been paid during the period by the contribution rate in effect during the period of leave.

**Purchases Using Basic Purchase Cost**

**Purchase of Service with Another Employer**
If you were employed by another school, library, college, junior college or university system, you may be eligible to purchase credit for that service.

**General Requirements and Limitations:**
1) You must be a regular full-time employee with a KCPSRS contributing employer when you make the purchase.
2) Your service credit in the other system must be forfeited and all your contributions, including interest must be withdrawn.
3) Service purchase must be paid for before retirement and while you are employed by a KCPSRS contributing employer.
4) This purchased service may not be used to vest in KCPSRS.

**Purchase Cost and Payment Terms**
Generally, the cost of the purchase is an amount equal to the present value of the increased benefit resulting from each year of service credit purchased (actuarially determined). Payment(s) may be made in lump sum or partial payments made for a period of not more than five years with interest charged on the unpaid balance. Call the KCPSRS office for more information.

**Purchase of Other Missouri Non-Federal Public Service**
If you were previously employed in a non-Federal public employment in Missouri which was not covered by a retirement plan and **you are vested** in KCPSRS, you may be able to purchase service. You must be vested in KCPSRS, other than the vested requirement, the other requirements, limitations, costs and terms are generally similar to a **Purchase of Service with Another Employer**, as outlined above. Call the KCPSRS office for more information.

**Purchase of KCPSRS Service - Five-Tenths a Year**
If you are within five years of being eligible to retire with KCPSRS, you may purchase up to five-tenths of a year (1/2 year) of creditable service to achieve the minimum creditable service time for a retirement allowance.

**General Requirements and Limitations:**
1) You must be a regular full-time employee with a KCPSRS contributing employer when you make the purchase.
2) Service purchase must be paid for before retirement and while you are employed by a KCPSRS contributing employer.
3) This purchased service may not be used to vest in KCPSRS.
4) This purchased service can only be used to enable member to achieve minimum creditable service.

**Purchase Cost and Payment Terms**
The cost of the purchase is an amount equal to the present value of the increased benefit resulting from the amount of service credit purchased (actuarially determined). Payment(s) may be made in lump sum or partial payments over a period not more than the period of service being purchased, with interest on the unpaid balance. Call the KCPSRS office for more information.

**Reciprocity with Participating Retirement Systems**
Reciprocity refers to a special agreement with the following participating retirement systems:
- The Public School Retirement System of Missouri (PSRS)
- The Public School Retirement System of St. Louis (PSRSSTL)
- The Public Education Employee Retirement System (PEERS)
- The Kansas City Public School Retirement System (KCPSRS)
Reciprocity: Recognition of Service

If you are vested (have at least five years of credible service) with two or more of the participating retirement systems, you may be able to recognize the service, **at no cost**, to be eligible for KCPSRS retirement. Recognition of service is not a service transfer or purchase. When you recognize service from another participating system you do not forfeit your service with the other retirement system.

Service credit may only be combined pursuant to this rule for the purpose of retirement eligibility. Your KCPSRS benefit is calculated using only your years of service and salaries on record with KCPSRS.

**Example:**

*Jane is in KCPSRS Plan B (hired prior to January 1, 2014):*

- **Age**: 55
- **Have 15 years w/ KCPSRS**: 15
- **Have 5 years w/ PSRS**: 5

  - Jane’s 75 points make her eligible for normal retirement through KCPSRS.
  - Jane’s KCPSRS benefit is calculated using her 15 years of KCPSRS service and salaries earned with KCPSRS. Without recognizing the service, she would only qualify for a KCPSRS early retirement benefit because she is not yet age 60, and does not have 30 years of service with KCPSRS, and does not meet the KCPSRS rule of 75 (for Plan B members).

This recognition of service rule also applies to Plan C members (hired on or after January 1, 2014) to get to their required 80 points.

Reciprocity: Transfer and Purchase

**Reciprocity Transfer of Service**

You must be vested in both KCPSRS and the other participating retirement system to transfer funds to KCPSRS and receive actuarially equivalent service.

If you transfer service from one of these other systems using reciprocity, you forfeit all your service with the other system. You do not receive service or benefits for the same period of employment from the other retirement system.

There is no cost to transfer the service. Since service you receive in KCPSRS is actuarially determined and may not be a year-for-year equivalent, some of your service with the other system may not transfer. You can purchase any such service using the reciprocity purchase, discussed below.

**Reciprocity Purchase of Service**

You must be vested with KCPSRS to purchase service forfeited with another system. If you transfer service under the reciprocity agreement and still have additional service with the transferring system, you have the option of purchase.

The cost of a reciprocity purchase is the actuarially determined amount of the receiving system initially based on the basic purchase cost. Reciprocity purchases must be paid in two years of the application filing date. Interest is added and accrues annually. If payment is not completed within that time, payments are refunded. Unlike some other purchases, proportional service is not granted for partial payment.

*(Purchasing service may seem very confusing and expensive, but it may be beneficial when it comes time to retire. If you are eligible to use any of these purchase options, you should contact KCPSRS to find out if making the purchase would be worthwhile for you. KCPSRS staff can provide details regarding eligibility and required steps for purchasing service credit.)*