

Out-of-State Service Credit

If you previously participated in a retirement system for a local governmental unit outside of Illinois, and took a refund of your contributions under that system, your current employer may allow you to convert this time to service credit under IMRF. This type of past service is known as Out-of-State service credit.

Eligibility requirements

- Your application must be received by IMRF while you are currently participating in IMRF with the employer who has approved the purchase of your service credit (See “What your employer must do” below).

AND

- You have **completed two or more years of contributing service under IMRF** with the employer who has approved the purchase of this service credit.

AND

- You earned the service credit in a **public retirement system outside of Illinois.**

AND

- You earned the service credit while you were working for a **local governmental unit** outside of Illinois but within the United States. Local governmental units include (but are not limited to): counties, cities, villages, local school districts, towns, townships, library districts, and park districts.

Local governmental units do not include any state or federal employers.

The following shows some types of service which **may NOT** be purchased as Out-of-State service (this list is not all-inclusive):

- Employment rendered in a foreign country
- Employment with the federal government (including any federal agencies such as the Post Office)
- Employment with a state government or agency
- Employment with a state university

AND

- The out-of-state system verifies your service and confirms that all service credit with that system is forfeited and will not be used to fund a pension in both IMRF and that system.

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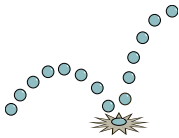
What you must do

You must complete and sign the top section, “Certification by Member,” of IMRF Form 6.33, “Out-of-State Credit Authorization,” then give your form to your employer for governing body approval.

IMRF **must verify with the out-of-state system** that all service under their system is forfeited **before a payment schedule can be issued**. If you have not yet forfeited your service but plan to use your contributions from the other system toward the purchase of your Out-of-State service, please advise the IMRF Past Service Unit when your application is submitted.

What your employer must do

Your employer’s governing body authorizes the purchase of this type of service on a case-by-case basis. Once your employer’s governing body approves the purchase, your employer completes the bottom section of IMRF Form 6.33,” and submits the form to IMRF.



Your employer is not obligated to allow you to purchase Out-of-State service credit.

How much Out-of-State service can you purchase?

Purchasing any amount of service is optional to you. You may purchase all, none, or a portion of your Out-of-State service credit; however, you cannot choose the specific months of service.

The amount of Out-of-State service credit that you may purchase is limited to a maximum of 120 months (10 years). However, your employer may approve a lesser amount.

How costs are calculated

You pay IMRF contributions of 10% plus interest. The contributions are calculated by taking the average of the first 24 months of reported earnings with the employer authorizing the out-of-state service and multiplying this amount by 10%.

This amount is then multiplied by the number of months of service that you wish to establish in IMRF.

Interest is calculated from the end of the qualifying two-year period of IMRF contributing service through December 31 of the year prior to that in which you purchase the service.

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Example: You began participating in IMRF with employer X in 1996. In 2008, you apply to establish your six months of Out-of-State service credit. Your salary when you first started with your employer was \$1,000 a month for your first 12 months of employment and \$1,200 a month for the second 12 months. We add up the total salaries for each month, then divide by 24. This average comes to \$1,100 per month.

Then, we multiply this average by 10% in order to get your monthly contribution rate.

$$\$1,100 \times 10\% = \$110.00$$

The monthly contribution rate is then multiplied by the number of months of service you wish to purchase, in this case six months:

$$\$110.00 \times 6 \text{ months} = \$660.00 \text{ total contribution amount}$$

Interest is then added from December 31, 1997 (the end of the two year period) to this contribution amount to equal your total lump sum payment:

$$\$660.00 + \text{interest} = \text{Total Lump Sum Payment to purchase the Out-of-State service}$$

Employer contribution costs are paid through future employer contribution rates.