

Prior Service Credit

Service credit for employment in a qualifying position before the date your employer joined IMRF is considered Prior service credit.

When an employer joins IMRF, its employees are granted a limited amount of “free” service for time they have already worked. This free service is limited to 20% of your total qualifying employment, up to a maximum of five years.

Understanding IMRF-Qualified Positions and the Hourly Standard

You are **required** to participate in IMRF if you work in an IMRF-qualified position. An IMRF-qualified position is one that will equal or exceed your employer’s annual hourly standard. This standard is either 600 or 1,000 hours.

All school and special education districts are under an annual hourly standard of 600 hours.

All other IMRF employers have the option of choosing an annual hourly standard of either 600 or 1,000 hours a year. If your employer decides to change its hourly standard from 600 to 1,000 hours a year, only employees hired after that time would be under the 1,000-hour standard.

“Full time” and “part time” do not mean anything in relation to the hourly standard. If the hours you work in a year are expected to meet or exceed your employer’s chosen hourly standard (either 600 or 1,000 hours a year) you must participate in IMRF, regardless of full time or part time designation.

Your position is considered for participation in IMRF based on its **expected** hourly requirement. The actual hours you work may be more or less than the hours your position is expected to work.

Eligibility requirements

- Your application must be received by IMRF while you are currently participating in IMRF with that employer.

AND

- You earned the service before the date your employer joined IMRF.

AND

- You earned the service in a position that qualified for IMRF participation. This means that the position was eligible for IMRF participation based on your employer’s hourly standard of either 600 or 1,000 hours a year.

AND

- You were:
 - working for your employer on the date it joined IMRF,

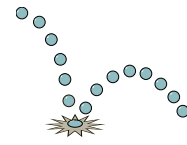
OR

- no longer working for your employer on the date it joined IMRF, but you returned to work for the same employer after it entered IMRF and contributed to IMRF under that employer for at least two years,

OR

- an elected official holding a qualified position when your employer entered IMRF, but you did not elect to participate at that time. Your employer’s governing body must have a resolution (IMRF Form 6.64) on file with IMRF confirming that your elected position qualifies for IMRF participation.

You cannot purchase Prior service credit for any periods in which you were not employed or you were employed in a position that does not qualify for IMRF participation.



Special considerations for seasonal employees

If you worked in a seasonal position and wish to purchase Prior service credit for months you worked as well as for months you did not receive earnings (your “off season” months), you may receive service credit for those “off season” months without earnings if:

- You worked the required number of months for your position.

AND

- You had earnings reported for all non-seasonal months during a 12-month period.

AND

- You continued to be employed by your employer during your seasonal leave period (“off season” months) and you returned to work (received earnings) after the leave period.

If you did not return to work (receive earnings) after the seasonal leave period, your employer must explain why and IMRF will determine whether the service can be granted.

What you must do

You complete section one of IMRF Form 6.07, “Application for Prior Service Credit,” and give the form to your employer.

What your employer must do

Your employer completes sections two and three of IMRF Form 6.07, “Application for Prior Service Credit” certifying your salary and amount of service credit earned and submits the form to IMRF.

Prior Service Credit

How much Prior service credit can you purchase?

The amount of prior service credit you may purchase (above and beyond the service you are granted for free) is limited only by the amount of time you worked in a qualifying position before your employer joined IMRF.

Example: You worked in the same position for 20 years before your employer joined IMRF. You would receive four years of service at no cost to you and be eligible to purchase the remaining 16 years of service.

Purchasing any amount of service is optional to you. You may purchase all, none, or a portion of your Prior service credit; however, you cannot choose the specific months of service. You purchase prior service beginning with your most recent month of service. For example, if you have prior service for the months of October, November, and December 2000 and January and February 2001, you would purchase February 2001, then January 2001, then December 2000, etc.

How costs are calculated

If you worked for your employer when it joined IMRF, your cost is calculated using your annual salary on the date your employer joined IMRF. If you worked for your employer before it joined IMRF and then returned to work for the same employer, your cost is calculated using your salary on the date you returned to the employer. IMRF then calculates the amount of member contributions you would have paid on that salary.

Interest is then added from the beginning of the Prior service period through December 31 of the year prior to the purchase of the service.

Example: Your employer joined IMRF in June 2003 and you participate under the Regular IMRF plan. You worked for your employer for 20 years before it joined IMRF. You will receive four years of that service at no charge to you. You are eligible to purchase the remaining 16 years of service and you decide to purchase four years, which will make you eligible for an IMRF pension (vested). Your salary at the time your employer joined IMRF was \$2,000 a month, or \$24,000 annually.

Total salary earned during this time: $\$24,000 \times 4 \text{ years} = \$96,000$

Total contributions for this prior service time: $\$96,000 \times 4.5\% = \$4,320$

Prior Service Credit

Interest is then calculated on the Prior contributions from the beginning of the Prior service period through December 31st of the year prior to receipt of your application and is added to your contribution amount to make up your lump sum amount for the current calendar year.

$$\text{\$4,320 + interest} = \text{Total lump sum cost to purchase your Prior service credit}$$

Employer contribution costs are paid through future employer contribution rates.

Can you purchase Prior service credit under the Elected County Officials (ECO) Plan?

Prior ECO service can be purchased if you are **currently participating in IMRF under the *Original* ECO plan**. Members participating under the ***Revised*** ECO plan can only establish ECO service credit for elected county positions.