

WAC 415-112-292 May I purchase TRS Plan 2 or Plan 3 service credit for public education experience gained by teaching out-of-state or for the federal government? If you earned service credit for teaching out-of-state or for the federal government, you may be eligible to purchase that public education experience as TRS service credit. The public education claimed must have been covered by a retirement or pension plan and must have been as a teacher, as defined by that retirement or pension plan.

(1) Do I qualify to purchase TRS service credit for public education experience outside of the state of Washington? You are eligible to purchase service credit under this section if you meet all the following requirements at the time of purchase:

- (a) You are employed in a TRS Plan 2 or Plan 3 eligible position;
- (b) You have at least two years of TRS service credit;
- (c) You earned the education experience service credit by teaching in a public school in another state within the United States or with the United States federal government;
- (d) The service was covered by a state, political subdivision of a state, or federal retirement plan;
- (e) You are not receiving a benefit from the other system; and
- (f) You are not eligible for an unreduced benefit from the other system.

(2) Do I qualify to purchase public education experience service credit if I am a substitute teacher? You may purchase service credit under this section if your employer is currently reporting you as an active substitute teacher and you meet the requirements in subsection (1)(b) through (f) of this section.

(3) If I purchase TRS service credit for public education experience, how may it be used? The service credit you purchase under this section will be treated the same as service credit you earn in TRS. It will be used in the calculation of your retirement allowance, to qualify for retirement or early retirement, and to meet the Plan 3 ten-year vesting requirement.

(4) What is the cost of the service credit? You must pay the actuarial value of the resulting increase in your retirement allowance. The following formula is used to calculate the cost:

$$\text{Total Cost} = \text{Part 1 Cost} + \text{Part 2 Cost}$$

Part 1: Annual Average Salary x Service Credit Years to Purchase x Factor 1

Part 2: Annual Average Salary x Current Service Credit Years x (Factor 1 - Factor 2)

Factor 1 takes into consideration your current age and service credit, *including* the service credit you are purchasing.

Factor 2 takes into consideration your current age and service credit, *excluding* the service credit you are purchasing.

Example of Cost to Purchase Service Credit:

TRS Plan 2 member, age 45, with 15 years of service credit and 5 years to be purchased for public education experience.

Part 1:

- Annual Average Salary: \$40,000
- Years to Purchase: 5
- Factor 1: 0.1756*

Part 2:

- Annual Average Salary: \$40,000

- Current Service Credit Years: 15
- Factor 2: 0.1494*

Total Cost to Purchase Service Credit:

\$40,000 (Annual Average Salary) x 5 (Years To Purchase) x 0.1756
(Factor 1) = \$35,120

\$40,000 (Annual Average Salary) x 15 (Current Service Credit) x
(0.1756 - 0.1494) (Factor 1 - Factor 2) = \$15,720

Total Cost = \$50,840 (Part 1 + Part 2)

*Factors used are for illustration purposes in this example only as actuarial factors change periodically.

(5) How much TRS service credit may I purchase for out-of-state or federal public education experience? If you meet the requirements in this section, you may purchase up to seven years (eighty-four months) of TRS service credit. You may purchase service credit in one-month increments but may not purchase a partial month of service credit.

(6) May I purchase some service credit now and some at a later date? No, you may not purchase some service credit now and some at a later date. You have one opportunity to purchase service credit under this section. You may purchase service credit from more than one retirement system provided you purchase it at the same time.

(7) How do I purchase the service credit? To purchase TRS Plan 2 or Plan 3 service credit for out-of-state or federal public education experience, you must do the following:

(a) You must complete an application provided by the department.

(i) You must complete, sign, and forward the application to your former retirement system(s).

(ii) Your former retirement system(s) must verify your service credit according to the instructions on the application.

(iii) If you are purchasing service credit from more than one retirement system, each retirement system must verify your service on a separate application.

(iv) Upon receipt of your properly completed application, the department will bill you for the service credit using the formula in subsection (4) of this section; the department will set a due date for the payment.

(b) You must make payment in full by the due date. If your payment is not received by the due date, your bill will become null and void. You may request a new bill from the department at a later date and it will reflect factors in effect at that time.

(i) You may make direct payment with either a personal or cashier's check. It may be possible to transfer funds from another eligible retirement account to pay your bill. However, DRS cannot accept funds in excess of the cost to make your purchase. You are advised to check with the administrator of your account to see if you can transfer those dollars.

(ii) Your employer may, at its option, pay some or all of the cost of the service credit.

(iii) If you are a Plan 2 member, your payment will be placed in your member account.

(iv) If you are a Plan 3 member, fifty percent of your payment will be placed in your defined contribution account and fifty percent will be placed in the trust fund from which your retirement allowance will be paid.

(8) **Do I need to give up my right to a benefit from my previous retirement system for the service credit I purchase in TRS?** No, you do not need to give up your right to a benefit from your previous retirement system for the service credit you purchase in TRS. At the time you purchase TRS service credit, you only need to prove that you are not currently receiving a benefit from your previous system and that you are not currently eligible for an unreduced benefit. Your previous retirement system will be required to verify this information on your application.

(9) **May I purchase public education experience service credit to add to my TRS service credit and also use out-of-state teaching service credit to qualify for early retirement?** Yes, you may purchase public education experience to add to your TRS service credit and/or use out-of-state teaching to qualify for early retirement. However, you may not use the same out-of-state service for both programs. Please see WAC 415-112-295. For example, if you have seven years of eligible out-of-state service credit, you may purchase five years to increase your TRS service credit and use the remaining two years to qualify for early retirement.

[Statutory Authority: RCW 41.50.050(5). WSR 14-06-053, § 415-112-292, filed 2/27/14, effective 10/1/14; WSR 13-18-034, § 415-112-292, filed 8/28/13, effective 10/1/13. Statutory Authority: RCW 41.50.050(5), 41.32.065, and 41.32.300. WSR 10-14-112, § 415-112-292, filed 7/7/10, effective 8/7/10.]