
Chapter 6:

Optional Service Credit

You can obtain additional credit towards your retirement through purchases of optional service or repayment of refunds.



The purchase of optional service performed prior to Jan. 1, 2011 does not change your status from Tier II to Tier I membership.

There are several types of optional service. Most have a direct relationship to certified teaching in the public schools, but there are certain exceptions such as military service credit.

To begin the process of purchasing optional service credit, call TRS at 877-927-5877 (877-9-ASK-TRS) and request the optional service type's form. In all cases, you must submit the appropriate documentation to TRS to purchase the credit. We urge you to do so at the earliest possible opportunity to avoid disappointment. With the passage of time, records may become lost, destroyed, or much more difficult to obtain. Once reported to TRS and verified, the qualifying event is a permanent part of your record at TRS and can be used in calculating your benefit estimates.

You are under no obligation to purchase optional service that you have reported to TRS.

When to purchase

Purchases of most service credit must be completed before you retire. Additionally, federal tax laws do not permit your survivors to initiate or complete an optional service purchase or refund repayment after your death.

Cost

Your cost for out-of-system service, part-time teaching, unreported substitute teaching, homebound teaching, leave of absence, or involuntary layoff, is equal to the amount that would have been required had the service been earned under TRS, plus interest, usually at the rate of 6 percent, from the date the contributions would have been due to the date payment is made. The cost for military service credit is specified within its section.

Teachers' Health Insurance Security Fund (THIS Fund) Contribution

TRS members, except employees of state agencies, are required to make contributions to the THIS Fund when making an optional service credit purchase to help finance the Teachers' Retirement Insurance Program. Active military service purchases are an exception to this contribution rule.

The THIS Fund amount will vary according to the purchase year; it is calculated by using the same rate that was required that year. For example, the 2012 THIS contribution rate would apply for a 2012 leave of absence optional service credit purchase. The payment must be made to the THIS Fund with a separate check.

Out-of-system service

Illinois law does not permit credit for teaching service that is also used in any other statutory, public employee retirement system except Social Security or a military allotment. You may not receive retirement benefits from two public pension systems for the same years of service.

The following types of full-time, part-time or substitute public school teaching qualify as "out-of-system" service:

- other states, territories, or dependencies of the United States;
- Chicago public schools; and
- public common schools operated by the United States.

In addition, employment by a public agency in professional speech correction or special education in Illinois, another state, territory, dependency of the United States qualifies.

The following types of service do not qualify because they were not performed in a public common school:

- colleges or universities, and
- military instructional centers.

Service requirements

Your out-of-system service must be followed by at least five years of creditable service earned with TRS, the Public School Teachers' Pension and Retirement Fund of Chicago (CTRF), or the State Universities Retirement System (SURS). The out-of-system service cannot exceed two-fifths of your total creditable service with TRS at retirement. The overall maximum is 10 years. You may establish and pay for out-of-system service at any time. However, you must meet the service requirements at retirement for the out-of-system service to be creditable.

Reporting

The member, school district, and retirement system must complete the Out-of-System Service Certification form using actual school records.

Part-time teaching

You may be eligible to purchase credit for part-time teaching if you worked part-time between July 1, 1969 and June 30, 1990. If you worked in a permanent and continuous position during the entire school term, you have already received credit. If your service was not permanent and continuous, you may purchase the credit.

Reporting

The member and the school district must complete the Part-time Service Certification form using actual school records.

Substitute and homebound teaching

Before July 1990, substitute teaching service was not covered by TRS. You may, however, purchase credit for this service. In addition, you may purchase credit for homebound instruction and tutoring service that was paid by a TRS employer.

Reporting

The member and the school district must complete the Substitute or Homebound Service Certification form using actual school records.

Leave of absence or involuntary layoff

You may purchase service credit for approved leaves of absence or involuntary layoffs.

A leave of absence is "approved" if:

- you did not resign;
- your employer promised renewed employment at the end of the leave; and
- your employer, through its board, officially approved your leave; or
- your leave qualifies under the federal Family and Medical Leave Act, as certified by your employer.

A layoff is involuntary if it is due to a reduction in force (RIF) authorized under the School Code. An involuntary leave does not include a dismissal for cause or other performance-related reasons.

To qualify, you must return to service under TRS or the State Universities Retirement System (SURS) after the leave or layoff for one year or the period of the leave/layoff, whichever is less.

Reporting

The member and the school district must complete the Leave of Absence Certification form using actual school records. For an involuntary layoff, a letter from the employer indicating the RIF must be received.

TRS annually requests school districts to report approved leaves of absence.

Military service

You may purchase two types of military service:

- military service that immediately followed Illinois public school teaching, and
- military service that did not immediately follow Illinois public school teaching.

You may purchase up to five years of credit, but only two may be for service that did not immediately follow TRS-covered employment.

Military service immediately following teaching

If you were drafted or enlisted while teaching, you may be able to purchase up to five years of credit. This credit must be purchased before you retire. To qualify, your military service must have begun within 12 months of teaching service under TRS or CTRF, the plan for Chicago teachers. Credit is granted for actual military service as well as for federally-sponsored teacher training that followed your discharge from the military.

Reporting

Send us a copy of your U.S. Government Form DD-214 or its equivalent.

Cost

Your cost is equal to the contributions to TRS that would have been required had you continued teaching. Interest is charged, usually at the rate of 6 percent, from the date the contributions would have been due to the date payment is made.

Military service NOT immediately following teaching

If you were not teaching in a position covered by TRS or CTRF at the time you joined the military, you may be eligible to purchase up to two years of credit for your military service. This credit must be purchased before you retire.

Reporting

Send us a copy of your U.S. Government Form DD-214 or its equivalent.

Cost

The cost is based on the total normal cost in effect on the date of application. This rate, which is determined by our actuaries each year, includes both employer and employee contribution costs. The rate is multiplied by the salary for your first year of teaching after military service.

The salary must be for a position that required mandatory contributions to TRS. Interest, usually at the rate of 6 percent, is added from the date of first membership in the system or when the contributions

would have been due, whichever is later, until the balance is paid.

Obtaining a Form DD-214

Written requests for duplicate form DD-214 must be signed and mailed to:

National Personnel Records Center
(Military Personnel Records)
9700 Page Ave.
St. Louis, MO 63132-5100

Service canceled by a refund

When you take a refund of your TRS contributions, your TRS membership ends and all creditable service is canceled. This service cannot be reinstated or used for calculating benefits until you:

- repay the entire refund with interest from the date the refund was made until the date you repay the refund, and
- complete one year of TRS creditable service following the refund, or
- complete two years of creditable service under a reciprocal retirement system.

Remember, Illinois law does not permit credit for teaching service that is also used in any other statutory, public employee retirement system except Social Security or a military allotment.