

Legislation passed during the 2022 Minnesota legislative session which provides participants the option to purchase service credit for one or more periods while in the uniformed services, as defined in the United States Code, title 38, section 4303(13).

The eligible purchase is for military leave period(s) that occurred: (1) before becoming a public employee, or (2) during public employment covered by an MSRS pension plan if the participant missed the original purchase timeframe under Minn. Stat. 352.27.

## Do I qualify to make the purchase?

- You must be an active member of an MSRS pension plan and have at least three years of allowable MSRS service under the General Employees Retirement Plan, the Correctional Employees Retirement Plan, or the State Patrol Retirement Plan.
- The duration of your current period of employment is at least six months.

One of the following apply:

- Your uniformed service occurred before becoming a state employee as defined in section 352.01; **or**
- You did not obtain service credit for a period of military service under section 352.27.
- You must purchase any refunded service in MSRS or another Minnesota public pension plan before making this military purchase.
- The purchase is not allowed if you earned service credit in MSRS or another Minnesota public pension plan for the same service period(s) as the military leave period(s), or you were other than honorably discharged.

## How do I apply for a purchase cost calculation?

1. Complete an *Application for Actuarial Military Leave Calculation*.
2. Enclose a check for \$250 payable to Minnesota State Retirement System for the purchase calculation. If you make the purchase, the administrative fee will apply toward the purchase payment amount. If you do not make the purchase, the administrative fee will be credited to MSRS for the cost of preparing the calculation and will not be included in your account balance.
3. Include a copy of your *DD Form 214* for each requested military period. If you provide MSRS multiple military leave periods, MSRS will combine all periods and calculate one purchase cost, up to a maximum of five years.

## What can I purchase?

- If the period of service in the uniformed services is one year or less, you must purchase the full period of service.
- If the period of service is longer than one year, you may purchase the full period, not to exceed five cumulative years, or may purchase a portion of the period of service. If purchasing a portion, the portion must:
  - Not be less than one year; **and**
  - Be in increments of six months of service.
- The purchase is for service credit only during your military leave.
  - The military leave service credit purchase does not impact your high-five salary calculation.
  - If the military service period(s) occurred before July 1, 1989, the purchase does not grant pre-89 benefit eligibility.
- For a military period prior to becoming a state employee, if you have more than one MSRS pension plan, you can choose which plan to apply the service credit towards. The purchase cost will vary depending on the plan. If the military service occurred during state employment, the purchase would apply to the plan you were contributing to when you missed the original purchase timeframe.
- The service credit purchased may not be used to determine or calculate an MSRS disability benefit

## What is the cost to make the purchase?

- The cost is the actuarial present value of the increase in your future monthly benefit due to the service purchase.

*Note: If the purchase period(s) occurred during state employment, we also calculate the sum of missing contributions plus interest, and the purchase cost will be the higher of the two calculation methods.*

- The purchase amount is dependent on your specific situation. Cost examples are included in this publication (see below). Cost examples are for illustrative purposes only and are intended to provide an estimate of the potential cost. To receive purchase estimates, you will need to apply for a purchase cost calculation.

## How long is my custom calculation valid?

If you apply for the military leave calculation, the amount provided will be valid for 90 days from the date of the purchase estimate letter, or up to your termination of state employment under MSRS, whichever is earlier. The purchase must be made in full.

## Is the actuarial purchase amount refundable to me?

- For military leave periods that occurred during state employment, a refund of the purchase is allowed based on refund provisions in the Plan.
- A refund is not allowed for military leave periods that occurred before becoming a state employee.

## Actuarial Military Cost Examples

Cost examples are for illustrative purposes only and are intended to provide an estimate of the potential cost. To request a calculation of your actuarial military purchase cost, complete the *Application for Calculation* form.

Examples: General Employees Retirement Plan Participants																	
High-five salary: \$80,000 / 34 years of service at retirement / Purchase one-year military service																	
<p><b>SCENARIO A: RETIRE AT AGE 66*</b></p> <table> <tr> <td>Monthly benefit without purchase:</td> <td>\$3,853</td> </tr> <tr> <td>Monthly benefit with purchase:</td> <td>\$3,966</td> </tr> <tr> <td>Change in monthly benefit:</td> <td>\$113</td> </tr> <tr> <td>Cost at age 56:</td> <td>\$6,741</td> </tr> </table> <p>For \$6,741, the participant purchases 1 year of service and increases the benefit by \$113/month. The cost of the purchase is recovered in 59 monthly pension payments (\$6,741 divided by \$113).</p> <p>*Hired after 7/1/1989</p>	Monthly benefit without purchase:	\$3,853	Monthly benefit with purchase:	\$3,966	Change in monthly benefit:	\$113	Cost at age 56:	\$6,741	<p><b>SCENARIO B: RETIRE AT AGE 66*</b></p> <table> <tr> <td>Monthly benefit without purchase:</td> <td>\$3,853</td> </tr> <tr> <td>Monthly benefit with purchase:</td> <td>\$3,966</td> </tr> <tr> <td>Change in monthly benefit:</td> <td>\$113</td> </tr> <tr> <td>Cost at age 66:</td> <td>\$15,809</td> </tr> </table> <p>For \$15,809, the participant purchases 1 year of service and increases the benefit by \$113/month. The cost of the purchase is recovered in 139 monthly pension payments (\$15,809 divided by \$113).</p> <p>*Hired after 7/1/1989</p>	Monthly benefit without purchase:	\$3,853	Monthly benefit with purchase:	\$3,966	Change in monthly benefit:	\$113	Cost at age 66:	\$15,809
Monthly benefit without purchase:	\$3,853																
Monthly benefit with purchase:	\$3,966																
Change in monthly benefit:	\$113																
Cost at age 56:	\$6,741																
Monthly benefit without purchase:	\$3,853																
Monthly benefit with purchase:	\$3,966																
Change in monthly benefit:	\$113																
Cost at age 66:	\$15,809																

### Examples: Correctional Employees Retirement Plan Participants

High-five salary: \$80,000 / 25 years of service at retirement / Purchase one-year military service

#### SCENARIO A: RETIRE AT AGE 55

Monthly benefit without purchase:	\$4,000
Monthly benefit with purchase:	\$4,160
Change in monthly benefit:	\$160
Cost at age 45:	\$12,061

For \$12,061, the participant purchases 1 year of service and increases the benefit by \$160/month. The cost of the purchase is recovered in 75 monthly pension payments (\$12,061 divided by \$160).

#### SCENARIO B: RETIRE AT AGE 55

Monthly benefit without purchase:	\$4,000
Monthly benefit with purchase:	\$4,160
Change in monthly benefit:	\$160
Cost at age 55:	\$26,496

For \$26,496, the participant purchases 1 year of service and increases the benefit by \$160/month. The cost of the purchase is recovered in 165 monthly pension payments (\$26,496 divided by \$160).

### Examples: Correctional Employees Retirement Plan Participants

High-five salary: \$80,000 / 11 years of service at retirement / Purchase one-year military service

#### SCENARIO A: RETIRE AT AGE 55

Monthly benefit without purchase:	\$1,613
Monthly benefit with purchase:	\$1,760
Change in monthly benefit:	\$147
Cost at age 45:	\$11,056

For \$11,056, the participant purchases 1 year of service and increases the benefit by \$147/month. The cost of the purchase is recovered in 75 monthly pension payments (\$11,056 divided by \$147).

#### SCENARIO B: RETIRE AT AGE 55

Monthly benefit without purchase:	\$1,613
Monthly benefit with purchase:	\$1,760
Change in monthly benefit:	\$147
Cost at age 55:	\$24,288

For \$24,288, the participant purchases 1 year of service and increases the benefit by \$147/month. The cost of the purchase is recovered in 165 monthly pension payments (\$24,288 divided by \$147).

### Examples: State Patrol Retirement Plan Participants

High-five salary: \$100,000 / 25 years of service at retirement / Purchase one-year military service

#### SCENARIO A: RETIRE AT AGE 55

Monthly benefit without purchase:	\$6,250
Monthly benefit with purchase:	\$6,500
Change in monthly benefit:	\$250
Cost at age 45:	\$17,775

For \$17,775, the participant purchases 1 year of service and increases the benefit by \$250/month. The cost of the purchase is recovered in 71 monthly pension payments (\$17,775 divided by \$250).

#### SCENARIO B: RETIRE AT AGE 55

Monthly benefit without purchase:	\$6,250
Monthly benefit with purchase:	\$6,500
Change in monthly benefit:	\$250
Cost at age 55:	\$39,108

For \$39,108, the participant purchases 1 year of service and increases the benefit by \$250/month. The cost of the purchase is recovered in 156 monthly pension payments (\$39,108 divided by \$250).



**Minnesota State Retirement System**

60 Empire Drive, Suite 300  
St. Paul, MN 55103-3000



**Questions?**

1.800.657.5757 or 651.296.2761

Teletypewriter users and telecommunications-device-for-the-deaf (TDD) users should call the Minnesota Relay Service at 1.800.627.3529, and ask to be connected to MSRS at 651.296.2761.

