



PURCHASE OF PUBLIC SERVICE POLICY

Purpose

1. This Retirement Board of the City and County of San Francisco (Board) Purchase of Public Service Policy (Policy) is intended to set out the manner in which the Retirement System will consider applications for the purchase of credit in the Retirement System for public service.
2. The Board shall exercise its authority, functions, powers, and duties under Charter Sections 12.100 through 12.103, and the applicable provisions of the Administrative Code of the City and County of San Francisco as enacted by ordinances of the Board of Supervisors, and in accordance with Board rules, resolutions, and policies as it may adopt from time to time.

Board Authority

3. Authority for granting credit in the Retirement System for public service shall be as provided in Charter Sections A8.509(g), A8.584-7, and A8.587-7, A8.600-7, A8.603-7, and all subsequent voter-approved Miscellaneous Plans (collectively "the SFERS Miscellaneous Plans"), Administrative Code Sections 16.55-1 through 16.55-4, inclusive, and 16.61-4 and 16.61-5.

Members Eligible to Purchase Public Service

4. Members who have membership status rights in the SFERS Miscellaneous Plans may elect to receive credit in these plans for eligible service rendered for other public agencies prior to becoming members of the SFERS Miscellaneous Plans. Eligible SFERS members include: a) active, vested, and reciprocal members of the SFERS Miscellaneous Plans who maintain a member account and b) active, deferred, and reciprocal members of SFERS Safety plans who maintain a member account in a SFERS Miscellaneous Plan.

Public Service Eligible for Purchase

5. Only public service rendered prior to SFERS Miscellaneous Plan membership for which the member received compensation as an employee or officer of the public agency, and which meets all requirements of Administrative Code Sections 16.55-1 through 16.55-4, is eligible for purchase.

"Public service" eligible for purchase under the provisions of the SFERS Miscellaneous

Plans means:

- a) Civilian or military service rendered as an employee or officer of an agency of the U.S. government;
 - b) Civilian service rendered as an employee or officer of the State of California; and
 - c) Service rendered as an employee or officer of a public agency in the State of California.
6. "Public service" does not include service during which the member participated in a 1) defined contribution plan, or 2) public defined benefit retirement plan for which the member continues to receive credit for said service, or is entitled to receive a retirement allowance from such public defined benefit plan.
 7. Service rendered under 5(c) above is limited to service for which the California public agency maintained a locally administered defined benefit retirement plan or was entitled to participate in CalPERS under contract as a public agency at the time service was rendered.
 8. For the service to be eligible for purchase, the amount of public service rendered, and the fact that said service is not credited in another retirement system, must be certified by the public agency or the retirement system under which the service rendered was eligible to be credited, or must be otherwise established to the satisfaction of the Retirement Board. Members are not eligible to purchase service if they are ineligible to receive retirement benefits in another retirement system due to misconduct. In the event of a dispute as to eligible service, the Retirement Board's decision shall be final.
 9. Eligible public service must be purchased in increments of no less than six months or the entire period where the total period of eligible public service is less than six months.

Application, Election and Payment Procedures

10. A member shall file an application providing the employment details of the public service that they wish to purchase along with certification from the public employer or retirement system of 1) the period of public service, 2) the hours worked (full-time or part-time) and pay received for the public service rendered, 3) the eligibility of the public service for coverage under a public defined benefit plan, and 4) the fact that the public service rendered does not entitle the member to receive credit or a retirement allowance in another defined benefit retirement plan.
11. Once SFERS verifies the public service as eligible for purchase, a member may make an election to purchase all or part of the eligible public service either through a lump

sum after tax payment, direct rollover from another qualified plan, or pre-tax or after-tax payroll deductions.

12. The application and election to purchase public service under the provisions of the SFERS Miscellaneous Plans can be filed with SFERS at any time prior to retirement. The purchase of public service must be completed prior to a member's effective retirement date.
13. A member who elects to purchase public service can pay the required contributions either by lump-sum (over the counter) payment, direct rollover from another qualified plan, or installment payments over a period equal to the length of public service the member has elected to purchase, provided that the installment payment period shall not exceed three years (78 pay periods) or extend beyond the member's effective retirement date. A lump-sum (over the counter) payment for the purchase of public service is not eligible for pre-tax treatment under the Internal Revenue Code. Installment agreements may be for either pre-tax or after-tax treatment of payments under the Internal Revenue Code.
14. Under San Francisco Administrative Code Section 16.61-4 and 16.61-5, the Retirement System can accept pre-tax rollovers from eligible retirement plans, as defined in Internal Revenue Code Section (IRC) 402(c)(8)(B), and pre-tax transfers from IRC Section 457 or 403(b) plans as payment for the purchase of public service.
15. In the event the member elects to purchase public service through an installment agreement, interest will be charged to the member on the unpaid balance commencing on the effective date of the installment through the date of completion of the installment payments, at the credited interest rate in effect for SFERS. A member who elects to purchase credit using an after-tax installment payment agreement may, at any time during the period for making installment payments, complete payment for the purchase of public service with an after-tax lump-sum payment. The terms of a pre-tax installment payment agreement may not be changed during the term of the agreement except through retirement or termination of employment. Upon retirement or termination of employment, the member may complete payment for the purchase of public service with an after-tax lump-sum payment or direct rollover at any time prior to the effective date of retirement. The installment agreement may be impacted by a change in the credited interest rate during the term of the agreement or retroactive salary adjustments paid after the effective date of the installment agreement.

Cost of Public Service

16. A member who files an election to purchase eligible public service shall be required to pay contributions in an amount equal to the product of:

- a) the number of months of public service which the member is electing to purchase;
- b) the monthly compensation earnable by the member as of the date of the member's election to purchase; and
- c) the normal cost percentage for the SFERS Miscellaneous Plan in effect as of the date of the member's election to purchase as published in the SFERS actuarial valuation.

Crediting of Contributions

17. Contributions, together with required interest, if any, paid by a member to purchase public service shall be segregated as contributions received to purchase public service, and credited to the member's individual accumulated contribution account as they are received by the Retirement System. Said contributions shall be entitled to receive plan interest credited thereon in the same manner, and at the same rate, as for other accumulated member contributions. In the event a member's accumulated contributions are refunded either upon the member's termination of employment or death, all contributions paid for the purchase of public service, plus interest, will be included in the refund.
18. In calculating vesting allowance benefits payable, the contributions, segregated as contributions received to purchase public service, will not be matched with City contributions.

Crediting of Public Service

19. After purchasing public service credit for SFERS Miscellaneous Plans under Administrative Code Sections 16.55-1 through 16.55-4, inclusive, the purchased public service shall be credited as current service in the SFERS Miscellaneous Plan under which the member has membership rights. Public service so credited may be used to qualify for a vesting allowance, or disability or service retirement under the SFERS Miscellaneous Plans.

Purchasing Military Service as Public Service

20. Members who are unable to obtain certification from the public agency or the military retirement system under which they rendered the service eligible to be credited, may have a County Veterans Service Office (CVSO) certify a DD214 form demonstrating that the member has less than 20 years of service credit and has not been dishonorably discharged from military service.
21. Members are not eligible to purchase military service under this Policy if they: 1) have

been dishonorably discharged from the military or 2) are receiving a disability retirement, or other defined retirement plan benefit, paid by the military. "Disability retirement pay" does not include disability related compensation from the Veterans Administration.

22. If a member is unable to obtain certification validating that they have less than 20 years of service credit on a DD214, either directly through the public agency, the military retirement system, or through a CVS0, SFERS may consider documentation, other than a DD214, confirming the member's credited service in the military defined benefit plan.

Severability

23. If any policy, section, paragraph, sentence, clause, or phrase of this Policy is declared unconstitutional or void for any reason, such declaration shall not affect the validity of the remaining portions of the Policy. The Board hereby declares that it would have prescribed and adopted this Policy, and each section, paragraph, sentence, clause and phrases hereof, irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases shall be declared unconstitutional or void. The titles assigned to policies and sections are for reference purposes only, and shall not be considered a substantive part of this Policy. If there is any conflict between the provisions of this Policy and the Charter, or the Administrative Code of the City and County of San Francisco, the Charter or the Administrative Code language shall govern.

Policy Review

The Board shall review this Policy at least every five years to ensure that it remains relevant and appropriate.

Policy History

This Policy was adopted by the Board on February 10, 2009, and amended on November 8, 2023.