



SFERS Ready to Retire Webinar Service Purchase

Working today for a secure tomorrow... Discover the benefits of SFERS!

SFERS Disclaimer

The San Francisco City and County Employees' Retirement System (SFERS), provides this presentation as a service to its members. It is intended for general information purposes only. The information provided is not intended to serve as legal advice. You should consult an attorney knowledgeable in retirement law matters for legal advice.

SFERS is governed by the San Francisco Charter and Administrative Code, as well as the Internal Revenue Code, and various rules and regulations, all of which are complex and subject to change. In the event of any conflict between those governing authorities and the information provided in this presentation, the governing authorities have precedence.

In this webinar we will discuss...

- What it means to purchase service
- Who is eligible to purchase service
- Types of Purchasable Service
- The Benefits of Purchasing Service
- The Cost to Purchase Service
- Paying for a Service Purchase
- Gilmore Debt

SFERS Retirement Roadmap From Enrollment Through Retirement



Step 1: Welcome to SFERS!

- Look for an invitation from SFERS (email or mail) to enroll in the Plan as a New Member
- Log into mySFERS to complete enrollment
- Join the SFDCP
- Attend the SFERS New Member Webinar
- Evaluate Service Purchase Opportunities

Step 2: 5 to 15 Years After Enrollment

- Eligible to Elect Vesting Upon Termination of Employment
- Set a Target Retirement Date
- Re-evaluate Service Purchase Opportunities and Establish a Service Purchase Agreement (if not done)
- Review/Update Beneficiaries
- Attend Webinars: Path to Retirement; Ready to Retire-5 Years from Retirement
- Evaluate Investments in SFDCP Account
- Calculate a Benefit Estimate (mySFERS Benefit Calculators)

Step 3: 2 to 5 Years Before Retirement

- Attend Webinars: The SFDCP: Ready to Retire-1 Year from Retirement
- Adjust Investments in Your SFDCP Account
- Assess Your Target Retirement Date
- Reduce Expenses
- Calculate a Benefit Estimate (mySFERS Benefit Calculators)

Step 4: 6 Months Before Retirement

- Schedule a Retirement Counseling Appointment
- Attend Webinars: Ready to Retire-The Retirement Application; Ready to Retire-After Retirement
- Gather Important Documents (see Important Documents Form on the SFERS Website)
- Complete your retirement application with a Retirement Counselor
- Update your work email address and call phone number to personal in the portal
- Notify Reciprocal Systems (if applicable)
- Meet with a SFDCP Representative
- Consult Your Financial Planning and/or Tax Advisor
- Contact the Health Service System

Step 5: Retirement

- Retire from the City and County of San Francisco...Congratulations!
- First Benefit Payment: 1-2 Months After Retirement

What is a Service Purchase?



A **Service Purchase** allows SFERS members to purchase certain periods of eligible service for additional credit toward retirement.

Who is eligible to purchase service?

You are eligible to purchase service if you are a...

- Current active SFERS member
- Former SFERS member who is vested but not yet receiving a benefit
- Former SFERS member who has left City employment (“City” includes SFUSD, SFCCD, and Superior Court), elected reciprocity, maintains reciprocal service on account with SFERS and a reciprocal plan, and is not yet receiving benefit payments from either plan
- You may purchase eligible service at any time before you retire

Types of Purchasable Service

| Service Type | Description |
|--|--|
| Prior Service with the City as a Temporary/Provisional Employee | Eligible time you worked for the City before becoming a SFERS member. |
| Redeposited Plan Service | Replacement of retirement contributions previously withdrawn from SFERS for periods before SFERS membership |
| Unpaid Parental Leave | Periods of unpaid parental leave taken prior to July 1, 2003, while a member of SFERS |
| P103 Per Diem Nurse | Up to three years of qualifying time as a P103 Per Diem Nurse before SFERS membership |
| Public Service | Service with the federal government (civilian or military), the State of California, or other California public agency prior to SFERS membership |
| Military Service Under the City Charter | Service with the armed forces during times of war or conflicts: (i) while a member of SFERS; or (ii) while you were on a San Francisco Civil Service Eligible list |
| Union Representative Service | Service as a full-time employee representative for a recognized City employee organization while a member of SFERS on leave of absence from a City position |

The Benefits of Purchasing Service

Purchasing service can help you increase your final benefit

- The service you purchase is added to your total years of credited service.
- Total years of credited service are used to calculate your monthly pension amount at retirement, so increasing your years of credited service will increase your service retirement benefit (**purchasing service will not change your membership date**).
- The contributions from purchased service are also credited to your SFERS member account balance and will increase your vesting allowance if you elect a vesting retirement.

The Cost of Purchasing Service

Generally, the cost to purchase service is the amount of contributions you would have paid had you contributed as a member, plus interest.

- **Prior Service** - the amount of contributions you would have paid, plus interest earned on those contributions, had you been eligible to participate as a SFERS member.
- **Redeposited Plan Service** – your contributions, plus interest accrued from the date you withdrew your contributions through the date such contributions are fully repaid to SFERS.
- **Union Representative Service** – your contributions, plus interest, plus the City’s contributions.
- The interest rate is the SFERS credited interest rate as determined by the Retirement Board.

Service Purchase Payment Options

You can purchase service using pre-tax or after-tax dollars

Using Pre-Tax Dollars:

- Pre-tax payroll deductions for the entire amount (Pre-tax payroll deductions cannot be used to pay for unpaid parental leave or union representative service)
- A direct rollover of pre-tax dollars into SFERS from another tax-qualified retirement plan

Using After-Tax Dollars:

- A lump sum payment of the total amount using after-tax dollars
- A partial lump sum payment using after-tax dollars
- An agreement for after-tax payroll deductions for the entire amount

Service Purchase Payment Options

You can establish a **purchase agreement** using pre-tax payroll deductions or after-tax dollars to purchase:

- Prior Service with the City as a Temporary/Provisional Employee
- Redeposited Plan Service
- Qualifying Public Service
- Military Service
- P103 Per Diem Nurse Service

You can use **after-tax dollars** or a **direct rollover** from another tax-qualified plan to purchase:

- Unpaid Parental Leave
- P103 Per Diem Nurse Service
- Union Representative Service

Service Purchase Payment Guidelines

- Service purchased in a lump sum is posted to your retirement account immediately
- Service purchased through payroll deductions will be credited to your retirement account once the purchase agreement is completed, whether the agreement is for pre-tax or after-tax dollars
- The contributions you pay toward retirement service will be credited to your SFERS account as they are paid
- If you terminate City employment, elect to retire, or die prior to completing your purchase agreement, the service that has been purchased through the date of your termination, retirement, or death will be credited to your SFERS account
- Safety members must complete the redeposit of withdrawn safety contributions prior to electing retirement

Service Purchase Payment Guidelines

- \$50.00 biweekly or \$108 per month is the minimum payroll deduction for purchase agreements
- Requests for a purchase agreement with payroll deduction greater than 25% of your regular pay must be approved by SFERS on a case-by-case basis
- If you have an after-tax payment agreement through payroll deductions and you go on unpaid leave, you can make direct payments to SFERS using after-tax dollars
- If you have a pre-tax payment agreement through payroll deductions and you go on unpaid leave, your payments will be suspended until you return to paid status. **You cannot make direct pre-tax payments to SFERS.**

Service Purchase Agreement

1. Log in to mySFERS secure member portal on the SFERS website and select the “Service Purchase” tab.
2. If you have *Prior Service or Redeposit of Withdrawn Contributions*, the years of service available for purchase and the cost will be displayed. Select the box for the type of service you want to purchase to access the applicable application form.
3. Schedule an appointment to initiate a service purchase agreement or to pay by lump sum.
4. If you have Unpaid Parental Leave, P103 Per Diem Nurse Service, Public Service, Military Service, or Union Representative Service, you must first submit a Service Purchase Request Form to verify the service is eligible for purchase.
5. Select the box for the type of service you want to purchase and download, complete, and submit the application according to the instructions

Gilmore Debt

If you divorce and make benefit payments to your ex-spouse before you retire, you will incur a debt to the plan known as “Gilmore Debt.”

- Paying all or part of the debt before you retire will increase your final benefit amount.
- You are eligible to purchase service if you are a...
 - Current active SFERS member;
 - Former SFERS member who is vested but not yet receiving a benefit; or
 - Former SFERS member who has left City employment (“City” includes SFUSD, SFCCD, and Superior Court) and elected reciprocity and maintains reciprocal service on account with SFERS and a reciprocal plan and is not yet receiving benefit payments from either plan.

Gilmore Debt

You can repay a Gilmore Debt using pre-tax or after-tax dollars or a combination of both

Using Pre-Tax Dollars:

- A direct rollover of pre-tax dollars into SFERS from another tax-qualified retirement plan (pre-tax payroll deductions are not permitted to repay Gilmore debt)

Using After-Tax Dollars:

- A lump sum payment of the total amount using after-tax dollars
- A partial lump sum payment using after-tax dollars
- An agreement for after-tax payroll deductions for the entire amount

Recap

- A Service Purchase allows you to purchase periods of eligible service for additional retirement credit.
- Purchasing service can help you increase your final benefit
- You can purchase service using pre-tax or after-tax dollars
- Log in to the mySFERS member portal to find your purchasable service, complete a service purchase request form, or schedule an appointment to initiate a purchase agreement
- “Gilmore Debt” is a debt to the plan if you divorce and make benefit payments to your ex-spouse before you retire.
- You can repay Gilmore debt using pre-tax or after-tax dollars or a combination of both to increase your final benefit

Visit our Website at mysfers.org!

Log in to mySFERS secure member portal:

- Benefits estimate calculator
- Annual Statement
- Beneficiary Dashboard
- Account balance verification
- Online appointment scheduler

Other useful resources:

- Webinar schedules and registration
- Summary Plan Provisions
- Announcements, News, and Updates
- Forms & Frequently asked questions
- Annual reports on fund performance



How to Reach Us

Email: sfersconnect@sfgov.org

Main Phone: 415-487-7000

Member portal log in assistance: (628) 652-5000