

## FREQUENTLY ASKED QUESTIONS CONCERNING THE SERVICE PURCHASE PROGRAM FOR INDIANA STATE POLICE

\* **NOTE:** This is being provided as a general explanation of the service purchase program which is available for eligible Indiana State Police officers. In addition, we have provided information regarding the process for paying employee contributions missed during a period of military service, and the process of reinstating Indiana State Police Service after a termination and re-employment. Every effort has been made to ensure that this information is correct. However, in the event that this information is inconsistent with the provisions in the Indiana State Police Department Pension Trust Agreement ("Pension Trust Agreement") (as amended), the Pension Trust Agreement will control.

### **GENERAL INFORMATION AND PARTICIPATION RULES**

#### **(1) What is the Service Purchase Program?**

Under the Pension Trust Agreement, whether in the Pre-1987 Benefit System or 1987 Benefit System, Employees make mandatory contributions and earn Years of Service credit. The amount of your pension benefit is based in part on your Years of Service credit under the Pension Trust Agreement.

The Service Purchase Program is a voluntary feature of the Pension Trust Agreement. Under this program, an eligible employee of the Indiana State Police Department ("Department") may purchase additional Years of Service credit for certain types of prior employment. Purchased years will count toward the calculation of the pension from the Pension Trust.

- **Example.** A State Police Trooper in the 1987 Benefit Plan has twenty Years of Service in the Pension Trust. Before becoming a State Trooper, this individual worked for five years as a police officer with the Indianapolis Police Department (but was not vested in a pension from that service). This Trooper could purchase the five years as an Indianapolis police officer as Years of Service credit in the Pension Trust, giving the Trooper 25 Years of Service to count towards the calculation of his or her pension benefit.

#### **(2) Who is eligible to purchase Years of Service credit?**

To be eligible to purchase Years of Service credit, you must be a participant in the Pension Trust and an employee of the Department.

**NOTE:** Any employee may purchase Years of Service credit at any time after becoming a member of the Pension Trust (other than as noted above). However, if employee is first appointed before May 1, 2017, employee must have at least five (5) years of mandatory contributions as a State Police Officer before (s)he may receive a benefit based upon the purchased Years of Service credit. If employee is first appointed after May 1, 2017, employee must have at least ten (10) years of mandatory contributions as a State Police Officer before (s)he may receive a benefit based upon the purchased Years of Service credit.

**(3) Who is not eligible to purchase Years of Service credit?**

- You may not purchase service while you are in the Deferred Retirement Option Program ("DROP").
- You may not purchase service if you are currently receiving a benefit under the Pension Trust Agreement or Supplemental Pension Trust Agreement.
- You must have paid any missed contributions to the Pension Trust due to military service while employed with the Department prior to any service purchase.

**(4) What if I purchase service but leave employment before completing 5 contributing years?**

If you purchase service but then terminate employment with the Department before you have completed five (5) years, or ten (10) years if first appointed after May 1, 2017, of making mandatory contributions to the Pension Trust, you will receive a refund of all contributions paid to purchase service, plus interest calculated in the same manner as on your mandatory contributions.

**(4a) If I was first appointed after May 1, 2017 and leave employment before completing 10 contributing years?**

If you purchase service but then terminate employment with the Department before you have completed ten (10) years of making mandatory contributions to the Pension Trust, you will receive a refund of all contributions paid to purchase service, plus interest calculated in the same manner as on your mandatory contributions.

**(5) What can my purchased years be used for?**

The service credit you purchase in the Pension Trust may only be used to calculate your benefits under the Pension Trust—the service credit cannot be used for any other purposes, including calculation of seniority with the Department or any other benefit that takes years of service into account.

**(6) Can I have a pension loan and purchase service credit?**

Yes, you can have an existing pension loan and at the same time purchase service credit. A service purchase does not change the terms of your existing pension loan in any way. (Effective September 1, 2005 new loans from the Pension Trust are not available.)

**(7) How do I apply to purchase service credit?**

You need to complete a service purchase application provided by the Department. Before you complete the application, you may file a request for an estimate of what it would cost to purchase the service you have available. It is important to remember that this is only an estimate of cost—the final cost of the service purchase will be determined after you complete the service purchase application. As part of the application process, you may be required to complete a form to verify the service which you want to purchase. In some cases, the Department will be able to verify the

service, but in other cases you must obtain information from your former employer in order to substantiate the service you wish to purchase. For example, in the case of military service, you need to provide Form DD-214 to verify your military service. At the end of this FAQ there is a description of all forms concerning this Program.

If your service purchase application is approved, you will receive a confirmation of the final approval and cost of the service purchase, including a due date by which a lump sum payment, rollover, or transfer must be received, or by which a payroll deduction must commence (and the expected duration of the deduction), in order for the service purchase cost to be effective.

*You are responsible for providing the Department with verification that the service meets the requirements of eligibility for purchase. Acceptable verification of the service must be provided before the final cost will be determined by the Department.*

#### **TYPES OF SERVICE CREDIT ELIGIBLE FOR PURCHASE**

##### **(8) What type of police service can I purchase?**

**NOTE:** You may only purchase service credit if you are not eligible for, and will not become eligible for, monthly pension benefits under a retirement plan or system for that service (except for military service).

- **Example.** You had prior service with a municipal police department in Indiana for which you are entitled to receive a pension upon reaching age 50. You would not be able to purchase service credit in the Pension Trust for that period of service.

If you have previous employment in the following categories, that period may be eligible to be purchased as Years of Service credit in the Pension Trust Agreement but only if you are not eligible for any monthly benefit under the plan involved:

- **Indiana Municipal Police Officer Service.** This service must be full-time service as a police officer in any municipality in the State of Indiana.
- **Indiana Sheriff or Other County Police Officer Service.** This service must be full-time service as a sheriff or other county police officer in any county in the State of Indiana.
- **Indiana State Excise Police Officer or Conservation Enforcement Officer Service.** This service must be full-time service as an Indiana State excise police officer or conservation enforcement officer.
- **Indiana Law Enforcement Officer Service.** This service must be full-time service as an Indiana law enforcement officer who was required by Indiana law to complete, and successfully completed, the regular basic training course of the Indiana Law Enforcement Academy (or the requirement for such training was otherwise satisfied).
- **Non-Indiana Municipal Police Officer Service.** This service must be full-time service as a non-Indiana municipal police officer who was required by the employing state's law to complete, and successfully completed, a regular basic training course which meets or

exceeds the training standards defined in Indiana Code 5-2-1 (or the requirement for such training was otherwise satisfied).

- **Non-Indiana Sheriff or Other County Police Officer Service.** This service must be full-time service as a non-Indiana sheriff or other county police officer who was required by the employing state's law to complete, and successfully completed, a regular basic training course which meets or exceeds the training standards defined in Indiana Code 5-2-1 (or the requirement for such training was otherwise satisfied).
- **Non-Indiana State Excise Police Officer or Conservation Enforcement Officer Service.** This service must be full-time service as a non-Indiana state excise police officer or conservation enforcement officer who was required by the employing state's law to complete, and successfully completed, a regular basic training course which meets or exceeds the training standards defined in Indiana Code 5-2-1 (or the requirement for such training was otherwise satisfied).
- **Non-Indiana Law Enforcement Officer.** This service must be full-time service as a non-Indiana law enforcement officer who was required by the employing state's law to complete, and successfully completed, a regular basic training course which meets or exceeds the training standards defined in Indiana Code 5-2-1 (or the requirement for such training was otherwise satisfied).

**(9)    What type of military service can I purchase?**

- **Military Service.** This service must be full-time active duty in the armed services of the United States, from which you received an honorable discharge.
  - Only military service designated by the United States armed forces as "active duty" may be purchased. Proof of service and honorable discharge is required (Federal Form DD-214 is usually acceptable proof).
  - **NOTE:** This purchase is different than the make-up of contributions for military service which occurs during your employment with the Department. That type of military service is covered by the Uniformed Services Re-employment Rights Act ("USERRA") and a different provision of the Pension Trust Agreement. See Q&A 22 and 23 for more information on the special circumstances that arise in purchasing USERRA-covered military service and making up missed pension plan contributions under USERRA.

**COST OF PURCHASING YEARS OF SERVICE CREDIT**

**(10)    How much does a service purchase cost?**

You must pay the full actuarial cost of providing the additional benefit. This cost is determined by a number of factors, including your age and rate of compensation at the time of the purchase. In almost all cases, the cost of the service purchase will increase the closer you are to retirement when you make the purchase. The service purchase cost is calculated based upon the number of days of service being purchased.

## **METHODS OF PAYING FOR SERVICE PURCHASES**

### **(11) How can I pay for a service purchase?**

There are several different ways you can pay for a purchase of service credit:

- **Lump Sum.** You may purchase service credit by making a post-tax, lump sum payment to the Department. However, there are annual limits under the Internal Revenue Code on these types of post-tax payments. Generally, this limit is \$49,000 for 2009, although it may be different in certain circumstances. Department approval of your service purchase will state any applicable limits.
- **Rollover.** You may purchase service credit by making a rollover contribution to the Pension Trust. A rollover is a distribution you are entitled to receive from certain types of eligible retirement plans, including a traditional IRA, a qualified defined benefit plan, a qualified defined contribution plan, a 457(b) governmental deferred compensation plan (like the Indiana Deferred Compensation Plan), or a 403(b) tax-sheltered annuity. You generally must have had a termination of employment with the employer maintaining the retirement plan in order to be eligible to receive a distribution (a traditional IRA is not subject to this requirement). Any rollover contribution must meet applicable Internal Revenue Service requirements for a rollover.
- **In-service, trustee-to-trustee transfer.** You may purchase service credit by a direct trustee-to-trustee transfer from a 457(b) governmental deferred compensation plan (like the Indiana Deferred Compensation Plan), or a 403(b) tax-sheltered annuity. These transfers may be made while you are still covered in that plan. For example, if you currently have an account with the Indiana Deferred Compensation Plan, you could use some or all the funds in your account to purchase service credit.
- **Payroll Deductions.** You may purchase service credit by making deductions from your paycheck. These deductions may be made over a period not to exceed the lesser of ten (10) years or attainment of age 65. Because of changes in IRS rules on payroll deduction service purchases, different rules will apply depending on when you enter your service purchase payroll deduction agreement.
- **If you entered your service purchase payroll deduction agreement before January 1, 2009,** you were able to purchase service credit by making **pre-tax** deductions from your paycheck. **That pre-tax payroll deduction election was irrevocable and binding—once you signed up for the pre-tax payroll deduction, it cannot be stopped or changed in any way until the service purchase is completed (other than termination of employment, disability, or death).** If you have not completed the service purchase because of these reasons, you (or your beneficiary) may partially or fully complete the purchase, subject to any applicable Internal Revenue Code limits, with a lump sum payment, rollover, or trustee-to-trustee transfer within 30 days of the termination of employment, disability or death. The payment cost will be based on the actuarial equivalent of the outstanding balance or portion of the balance of the additional years of service credit to be purchased. If you do not choose to partially or fully complete the purchase in these circumstances,

you will receive partial Years of Service credit that is actuarially equivalent to the amount you have paid into the Pension Trust. After you make a service purchase by a pre-tax payroll deduction, you will not be able to purchase any additional service using a pre-tax payroll deduction (although you may use one of the other payment options discussed above, including an after-tax payroll deduction).

- **If you enter your service purchase payroll deduction agreement on or after January 1, 2009**, you may purchase service credit by making after-tax deductions from your paycheck. Because these deductions are made on an after-tax basis, this agreement is not irrevocable, meaning you can cancel the payroll deductions if desired, or you can pay-off the service purchase early, subject to any applicable Internal Revenue Code limits. You are limited to only one opportunity to purchase service credit pursuant to a payroll deduction agreement at a time. If you cancel or pre-pay an after-tax payroll deduction agreement, you will need to wait at least one (1) year before you can enter a new payroll deduction agreement. Any new payroll deduction agreement will require a new application and a new calculation of the cost of the service purchase. In almost all cases, the cost of the service purchase will increase the closer you are to retirement when you make the purchase. If you have an outstanding after-tax payroll deduction agreement at termination of employment, disability or death, you (or your beneficiary) may complete the purchase, subject to any applicable Internal Revenue Code limits, with a lump sum payment, rollover, or trustee-to-trustee transfer within 30 days of the termination of employment, disability or death. The payment cost will be based on the actuarial equivalent of the outstanding balance of the additional years of service credit to be purchased. If you do not choose to complete the purchase, you will receive partial Years of Service credit that is actuarially equivalent to the amount you have paid into the Pension Trust.

**(12) Can I use a combination of the methods in (11) to purchase my service?**

Yes.

**(13) How do I use a rollover to purchase service credit?**

In order to use a rollover to purchase service credit, you and the retirement plan or financial institution making the rollover must complete a form provided by the Department. It will be your responsibility to be sure that the completed form is returned to the Department and the rollover is received by the Pension Trust before the due date on your final service purchase cost calculation.

There are several rules that apply in using a rollover to purchase service credit:

- The rollover must come from an eligible plan, which includes a 401(a) qualified plan (including defined benefit plans, defined contribution plans, and 401(k) plans), a 457(b) governmental deferred compensation plan, a 403(b) tax-sheltered annuity, or a traditional IRA). Beginning in 2007, the Pension Trust may also accept after-tax dollars, but only from a 401(a) qualified plan (including a defined benefit or defined contribution plan).

- For a rollover, you must have already had a separation from service or terminated employment with the employer sponsoring the retirement plan (except in the case of a traditional IRA where no separation is necessary).
- The amount transferred to the Pension Trust must be equal to or less than the amount of your service purchase cost.
- **Example.** You previously worked for two years in an Indiana county sheriff's department as a deputy sheriff, and during this employment you contributed to a 457(b) deferred compensation plan. You now want to purchase those two years of service. Because you terminated employment with the county sheriff's department, you could rollover your funds in the 457(b) plan to the Pension Trust to purchase those two years of service.

#### **(14) How do I use an in-service, trustee-to-trustee transfer to purchase service credit?**

In order to use an in-service, trustee-to-trustee transfer to purchase service credit, you and the retirement plan or financial institution making the transfer of funds must complete a form provided by the Department. It will be your responsibility to be sure that the completed form is returned to the Department and the transfer is received by the Pension Trust before the due date on your final service purchase cost calculation.

There are several rules that apply in using a trustee-to-trustee transfer to purchase service credit:

- The in-service, trustee-to-trustee transfer is only available from a 457(b) governmental deferred compensation plan or a 403(b) tax-sheltered annuity. Please keep in mind that the Pension Trust can only accept pre-tax dollars from these plans.
- For an in-service, trustee-to-trustee transfer, you do not need to have terminated employment in order to use the funds in the plan to purchase service credit.
- The amount transferred to the Pension Trust must be equal to or less than the amount of your service purchase cost.
- **Example.** You previously worked for two years in a municipal police department as a police officer. You now want to purchase those two years of service. You currently contribute to the Indiana Deferred Compensation Plan and have an account balance with enough funds to purchase the two years of service. You may transfer those funds from your Indiana Deferred Compensation Plan account to the Pension Trust to purchase the service credit without terminating employment.

#### **(15) How do I purchase service credit through a payroll deduction agreement?**

Because of changes in IRS rules on payroll deduction service purchases, different rules will apply depending on when you enter your service purchase payroll deduction agreement.

- **If you entered your service purchase payroll deduction agreement before January 1, 2009**, you were required to complete an application to purchase service credit and sign an irrevocable, binding pre-tax payroll deduction agreement. You cannot change

**this form—you cannot stop this payroll deduction, increase or decrease the amount of the payroll deduction, or pay off the service purchase amount covered by the payroll deduction early. The payroll deduction will only end upon completion of the service purchase under the payroll deduction, termination of employment, disability, or death.** If you have not completed the service purchase because of these reasons, you (or your beneficiary) may partially or fully complete the purchase, subject to any applicable Internal Revenue Code limits, with a lump sum payment, rollover, or trustee-to-trustee transfer within 30 days of the termination of employment, disability or death. The payment cost will be based on the actuarial equivalent of the outstanding balance or portion of the balance of the additional Years of Service credit to be purchased. If you do not choose to partially or fully complete the purchase, you will receive partial Years of Service credit that is actuarially equivalent to the amount you have paid into the Pension Trust. You will not be able to purchase any additional service using a new pre-tax payroll deduction (although you may use one of the other payment options discussed above, or an after-tax payroll deduction agreement described below).

- If you enter your service purchase payroll deduction agreement on or after January 1, 2009, you must complete an application to purchase service credit and an after-tax payroll deduction agreement. Changes to IRS rules on service purchases require that only after-tax payroll deduction agreements are permitted on or after January 1, 2009. Because these deductions are made on an after-tax basis (i.e., the amounts deducted will be included as taxable income in the year they are contributed to the Pension Trust), the agreement is not irrevocable, meaning you can cancel the payroll deductions if desired, or you can pay-off the service purchase early with a lump sum payment, rollover, or trustee-to-trustee transfer, subject to Internal Revenue Code limits. You are limited to only one opportunity to purchase service credit pursuant to a payroll deduction agreement at a time. If you cancel or pre-pay an after-tax payroll deduction agreement, you will need to wait at least one (1) year before you can enter a new payroll deduction agreement. Any new payroll deduction agreement will require a new application and a new calculation of the cost of the service purchase. In almost all cases, the cost of the service purchase will increase the closer you are to retirement when you make the purchase. If you have an outstanding after-tax payroll deduction agreement at termination of employment, disability or death, you (or your beneficiary) may complete the purchase, subject to any applicable Internal Revenue Code limits, with a lump sum payment, rollover, or trustee-to-trustee transfer within 30 days of termination of employment, disability or death. The payment cost will be based on the actuarial equivalent of the outstanding balance of the additional Years of Service credit to be purchased. If you do not choose to complete the purchase, you will receive partial Years of Service credit that is actuarially equivalent to the amount you have paid into the Pension Trust.

**(16) What happens if I become disabled while I am making a service purchase under a payroll deduction?**

If you become disabled while you are making a purchase through a payroll deduction (whether pre-tax or after-tax), your payroll deduction will end, and you may either: (1) partially or fully (if a pre-tax deduction) or fully (if an after-tax deduction) complete the purchase, subject to any applicable Internal Revenue Code limits, with a lump sum payment, rollover, or trustee-to-trustee transfer within 30 days of commencing disability leave, or (2) you will receive partial Years of Service credit that is actuarially equivalent to the amount you have paid into the Pension Trust. If you choose to complete the purchase as described above, the payment cost will be based on the actuarial equivalent of the outstanding balance of the additional Years of Service credit to be purchased.

If your disability ends and you return to employment with the Department, and you did not complete the service purchase covered by the payroll deduction, the payroll deduction will automatically resume and will continue until the service purchase amount is paid in full (or until you reach the end of the maximum length of a service purchase payroll deduction, adjusted to the extent required by the Family Medical Leave Act ("FMLA")). If your payroll deduction agreement was an irrevocable, pre-tax agreement, then it must resume and be completed according to its terms if you did not complete the purchase within 30 days of beginning disability leave. If your payroll deduction agreement was an after-tax agreement, you may decide to cancel the agreement or pay it off at any time. In a situation where payroll deductions cease for a period of time and then resume, the final cost of your service purchase may increase or decrease, depending on your particular circumstances. If your payroll deduction ends before completing a service purchase because you have reached the end of the maximum length of a service purchase payroll deduction, you may decide to either (1) receive partial Years of Service credit that is actuarially equivalent to the amount you have paid into the Pension Trust, or (2) use a lump sum payment, rollover, or trustee-to-trustee transfer to partially or fully (if a pre-tax deduction) or fully (if an after-tax deduction) complete the service purchase within 30 days, subject to applicable Internal Revenue Code limits. If you choose to complete the purchase as described above, the payment cost will be based on the actuarial equivalent of the outstanding balance of the additional Years of Service credit to be purchased.

**(17) What happens if I go on an unpaid leave of absence while purchasing service credit under a payroll deduction?**

If you go on a leave of absence without pay while purchasing service through a payroll deduction (whether pre-tax or after-tax), the deductions will end during the leave of absence period, and you will not make payments during that time. Upon return to work, your payroll deduction will automatically resume and will continue until the service purchase amount is paid in full (or until you reach the end of the maximum length of a service purchase payroll deduction, adjusted to the extent required by the FMLA). If your payroll deduction agreement was an irrevocable, pre-tax agreement, then it must resume and be completed according to its terms. If your payroll deduction agreement was an after-tax agreement, you may decide to cancel the agreement or pay it off at any time. In a situation where payroll deductions cease for a period of time and then resume, the final cost of your service purchase may increase or decrease, depending on your particular circumstances. If your payroll deduction ends before completing a service purchase because you have reached the end of the maximum length of a service purchase

payroll deduction, you may decide to either (1) receive partial Years of Service credit that is actuarially equivalent to the amount you have paid into the Pension Trust, or (2) use a lump sum payment, rollover, or trustee-to-trustee transfer to partially or fully (if a pre-tax deduction) or fully (if an after-tax deduction) complete the purchase within 30 days, subject to applicable Internal Revenue Code limits. If you choose to complete the purchase as described above, the payment cost will be based on the actuarial equivalent of the outstanding balance of the additional Years of Service credit to be purchased.

**(18) What happens if I terminate employment or die while I am making a service purchase under a payroll deduction?**

If you terminate employment or die while you are making a service purchase through payroll deduction (whether pre-tax or after-tax), your payroll deduction will end, and you (or, in the case of death, your survivor) will receive partial Years of Service credit that is actuarially equivalent to the amount you have paid into the Pension Trust. If you terminate service or die, you (or your beneficiary) may decide to (1) receive the partial Years of Service credit that is actuarially equivalent to the amount you have paid into the Pension Trust, or (2) use a lump sum payment, rollover, or trustee-to-trustee transfer to partially or fully (if a pre-tax deduction) or fully (if an after-tax deduction) complete the service purchase within 30 days of the termination of employment or death. If you (or your beneficiary) choose to complete the purchase as described above, the payment cost will be based on the actuarial equivalent of the outstanding balance of the additional Years of Service credit to be purchased.

**APPOINTMENT BEFORE MAY 1, 2017:** If you terminate employment or die before you have completed five (5) years of making mandatory contributions to the Pension Trust, you will receive a refund of all contributions paid to purchase service, plus interest calculated in the same manner as on your mandatory contributions.

**APPOINTMENT MAY 1, 2017 AND LATER:** If you terminate employment or die before you have completed ten (10) years of making mandatory contributions to the Pension Trust, you will receive a refund of all contributions paid to purchase service, plus interest calculated in the same manner as on your mandatory contributions.

**(19) Can I enter the DROP while I am making a service purchase under a payroll deduction?**

No. You cannot purchase service credit while you are in the DROP, because upon entering the DROP your retirement benefit is based upon your Years of Service at the time you enter the DROP. Thus, if you want to purchase service credit and enter the DROP, you should carefully consider the timing of entering into a payroll deduction agreement.

**(20) What if I change my mind after entering payroll deduction agreement?**

**You cannot change a pre-tax, irrevocable payroll deduction agreement—it must continue in effect until the cost of the service purchase is completed under the payroll deduction, or until your employment with the Department ends (through termination, retirement, disability, or death).** However, if your payroll deduction agreement is an after-tax deduction agreement entered into on or after January 1, 2009, you may cancel the deductions at any time. However, if you cancel a deduction agreement prior to it being completed under its original

terms, you will need to wait at least one (1) year before entering a new payroll deduction agreement. If you later decide to purchase service under another after-tax payroll deduction agreement, you will need to complete a new application and have the cost of your service purchase re-calculated. In almost all cases, the cost of a service purchase will increase the closer you are to retirement when you make the purchase.

**(21) What if I change my mind after completing a service purchase?**

Once you have completed a service purchase, you cannot change your mind and take back the money. After you leave employment, you will either be entitled to a benefit based upon your total Years of Service, or you will be entitled to a refund of your contributions, including your contributions to purchase service credit, plus interest calculated in the same manner as on your mandatory contributions.

**MILITARY SERVICE QUESTIONS**

**(22) What happens if I go on military leave while purchasing service credit through a payroll deduction?**

If you go on military leave while purchasing service credit through a payroll deduction (whether pre-tax or after-tax), the deductions will end during your military leave. When you return to work, your payroll deduction will automatically resume and will continue until the service purchase amount is paid in full (or until you reach the end of the maximum length of a service purchase payroll deduction, adjusted to the extent required by USERRA). If your payroll deduction agreement was an irrevocable, pre-tax agreement, then it must resume and be completed according to its terms. If your payroll deduction agreement was an after-tax agreement, you may decide to cancel the agreement or pay it off at any time. If the temporary suspension of the payroll deduction results in a lower cost for the service purchase, you will pay the lower cost. If your payroll deduction ends before completing a service purchase because you have reached the end of the maximum length of a service purchase payroll deduction, you may decide to either (1) receive partial Years of Service credit that is actuarially equivalent to the amount you have paid into the Pension Trust, or (2) use a lump sum payment, rollover, or trustee-to-trustee transfer to partially or fully complete the service purchase within 30 days. If you choose to partially or fully complete the purchase, the payment cost will be based on the actuarial equivalent of the outstanding balance or portion of the balance of the additional Years of Service credit to be purchased.

**(23) How do I make-up mandatory pension contributions missed while on a USERRA military leave?**

If you leave the Department to serve in the military and then return to employment with the Department, you may make-up the mandatory pension contributions you missed while on military leave (contributions for unpaid military leave prior to January 1, 1987 are waived). You will have four options to make-up the missed contributions:

- Your contributions may be paid by equal pre-tax payroll deduction amounts from your bi-weekly salary, spread over your maximum USERRA make-up period (generally the lesser of three (3) times the period of military service or five (5) years), or

- Your contributions may be paid by pre-tax payroll deduction of a maximum amount of your bi-weekly salary, taking into account other deductions taken from your salary, until the amount is paid in full.
- Your contributions may be paid by using an eligible rollover distribution, subject to the same rules described in Q&A (13).
- Your contributions may be paid by using an in-service, trustee-to-trustee transfer, subject to the same rules described in Q&A (14).

Upon your return to employment, you must complete the appropriate form choosing from these options for repayment. Please note that USERRA make-up contributions may continue to be made on a pre-tax payroll deduction basis after January 1, 2009.

#### **REINSTATEMENT OF PRIOR INDIANA STATE POLICE SERVICE**

#### **(24) How do I reinstate service credit for prior employment with the Indiana State Police Department?**

If you terminate employment with the Department and subsequently return to employment with the Department, without having received any benefits or distributions of any kind from the Pension Trust (such as lump sum termination benefits, vested interest payments, monthly pension payments, DROP payments, or defaulted loan distributions), you will still have credit for your prior service under the Pension Trust.

However, under the Pension Trust Agreement, if you received distributions or benefits from the Pension Trust and then return to employment with the Department, you must choose to either:

- Repay the benefits received, plus five percent (5%) interest (or such other amount as specified in the Pension Trust Agreement), in order to restore the prior service credit under the Pension Trust, or
- Not make such a repayment, in which case you will be treated as a new employee for purposes of service credit under the Pension Trust (in which case you will participate in the 1987 Benefit System).
- If you were first appointed before May 1, 2017 and completed less than five (5) years of service in the first period of employment, you will be subject to ten (10) year vesting provisions whether you repay the received distributions or not.
- If you were first appointed before May 1, 2017 and completed five (5) or more years of service in the first period of employment, you will be subject to five (5) year vesting provisions whether you repay the received distributions or not.

If you choose to repay the benefits or distributions, the repayment must be completed within two (2) years from your re-employment date, and you must complete the repayment before the prior service is credited. Also, your repayment is subject to any applicable limits under the Internal Revenue Code.

**(25) How can I pay for a repayment of prior benefits or distributions, plus interest?**

If the distributions or benefits you received from the Pension Trust equaled only the net amount you paid to the Pension Trust during your previous employment with the Department, plus interest, you may use any or a combination of the following:

- Rollover (see Q&A (13) for specific rules)
- Trustee-to-trustee transfer (see Q&A (14) for specific rules)
- Lump-sum payment

If the distributions or benefits you received from the Pension Trust included monthly pension benefits, vested interest payment, DROP payments, or defaulted loan distributions), you may use any or a combination of the following:

- Rollover (see Q&A (13) for specific rules)
- Lump-sum payment

## **FORMS**

The following forms are available for service purchases:

➤ **Request for Estimate of Cost for Service Purchase**

Use this form to request a cost estimate for the service you are interested in purchasing.

➤ **Application for Purchase of Service Credit**

Use this form to apply for a service purchase.

➤ **Verification of Military Service**

Use this form to verify military service you want to purchase.

➤ **Verification of County Sheriff or Police Officer Service**

Use this form to verify county sheriff or police officer service you want to purchase.

➤ **Verification of State Excise or Conservation Officer Service**

Use this form to verify state excise or conservation officer service you want to purchase.

➤ **Verification of Municipal Police Officer Service**

Use this form to verify municipal police officer service you want to purchase.

➤ **Verification of Law Enforcement Officer Service**

Use this form to verify law enforcement officer service you want to purchase.

➤ **Verification of Non-Indiana County Sheriff or Police Officer Service**

Use this form to verify non-Indiana county sheriff or police officer service you want to purchase.

➤ **Verification of Non-Indiana State Excise or Conservation Officer Service**

Use this form to verify non-Indiana state excise or conservation officer service you want to purchase.

➤ **Verification of Non-Indiana Municipal Police Officer Service**

Use this form to verify non-Indiana municipal police officer service you want to purchase.

➤ **Verification of Non-Indiana Law Enforcement Officer Service**

Use this form to verify non-Indiana law enforcement officer service you want to purchase.

➤ **Rollover Acknowledgment Form—Service Purchase**

Use this form to make a rollover to purchase service credit.

➤ **Trustee-to-Trustee Transfer Acknowledgment Form—Service Purchase**

Use this form to make a trustee-to-trustee transfer to purchase service credit.

➤ **USERRA Military Service Repayment Election Form**

Use this form to elect whether to make-up contributions missed during a period of USERRA military service.

➤ **Reinstatement After Receipt of Distributions or Benefits Election Form**

Use this form to elect whether to repay distributions or benefits and reinstate prior Indiana State Police Service.

➤ **Rollover Acknowledgment Form—Repayment of Benefits**

Use this form to make a rollover to repay distributions or benefits and reinstate prior Indiana State Police Service.

➤ **Trustee-to-Trustee Transfer Acknowledgment Form—Repayment of Benefits**

Use this form to make a trustee-to-trustee transfer to repay distributions or benefits and reinstate prior Indiana State Police Service.

➤ **Request for Payoff Amount Under After-Tax Payroll Deduction Agreement**

Use this form to request a payoff amount under an after-tax payroll deduction agreement.

➤ **Cancellation or Payoff of After-Tax Payroll Deduction Agreement**

Use this form to elect to cancel or payoff an after-tax payroll deduction agreement.

➤ **Pre-Tax Payroll Deductions After Termination of Employment, Disability or Death**

Use this form to select options under a pre-tax payroll deduction agreement after termination of employment, disability, or death.

**IF I HAVE ANY ADDITIONAL QUESTIONS, WHOM SHOULD I CONTACT?**

You should contact the Human Resources Division at (317) 232-8350.