

Creditable Service

Creditable service (also referred to as “service credit”) is a key variable in determining a member’s New Hampshire Retirement System (NHRS) retirement benefit. Members earn creditable service while they are contributing to NHRS through their NHRS-covered employment, or when they are contributing to NHRS on their earnings from an NHRS employer-funded disability plan. Members may also be able to purchase service credit.

The various types of purchasable service credit are described below.

Employer Enrollment Oversight

Employer Enrollment Oversight refers to a period of time when an eligible employee was improperly excluded from enrollment in NHRS. Generally, to purchase employer enrollment oversight service credit, a member must file a claim for the oversight service credit within three years after the end of the period for which the service credit is being requested. However, the employer may elect to waive this three-year time limitation, thereby permitting the member to purchase the service credit. The member is responsible for paying 50% of the cost of the service credit purchase and the employer is responsible for paying the remaining 50%. The member may make one lump sum payment or annual installment payments plus interest, over a period of two to six years.

Military Service

Military Service After Joining NHRS: If a member leaves NHRS-covered employment to enter directly into the United States Armed Forces and returns to NHRS-covered employment within one year following termination of active military duty, a member may receive service credit for up to three years at no cost. If the member’s active duty military service exceeds three years, the member may purchase military service credit for years in excess of three.

Military Service Prior to Joining NHRS: Subject to certain conditions, members with at least 10 years of creditable service may purchase up to three years of military service for military duty served prior to becoming a member of NHRS.

Modifications

Employees in the employ of their employer as of the effective date of the employer’s election of NHRS participation may have the option of joining NHRS. These employees may also be eligible to purchase service credit for periods of prior employment with their employer under the following conditions:

- They joined NHRS within one year after the employer elected NHRS participation.
- They were employed full-time by the employer prior to the date the employer joined NHRS.
- If they were covered by a retirement plan sponsored by the employer during any period of prior employment, the other plan must satisfy NHRS criteria.

Both the employer and the member have the option of purchasing all or only a portion of the prior service.

Non-Permanent Employment (*Non-permanent, Probationary, Temporary, Unclassified, or Non-classified*)

Members who were employed by an NHRS participating employer for at least six months in a non-permanent, temporary, unclassified, or non-classified position prior to being enrolled in NHRS may be eligible to purchase service credit for that period of employment.

Peace Corps/AmeriCorps

Members who leave NHRS-covered employment to enter directly into the Peace Corps or AmeriCorps and return to NHRS-covered employment within one year following termination of the Peace Corps or AmeriCorps service may be eligible to purchase the lesser of (a) two years, (b) the member’s actual period of Peace Corps or AmeriCorps service or (c) five years minus the period of nonqualified service credit purchased.

Previously Withdrawn Service

Members who terminate their NHRS-covered employment, withdraw their accumulated contributions (member contributions plus credited interest) and later return to NHRS-covered employment, may be entitled to reinstate their prior service credit of six months or more. The purchase may occur anytime prior to retirement.

Workers' Compensation

Members who are receiving Workers' Compensation payments but who are not receiving any compensation from their employer may be eligible to receive up to one year of service credit at no cost. To receive this service credit, members must file with NHRS the following document for each new unrelated injury:

- A Department of Labor Memo of Payment of Disability Compensation form

Cost for Service Credit Purchases

The cost for purchasing any type of service credit, except previously withdrawn, military service after joining NHRS, and Workers' Compensation, is the full actuarial cost for this service determined by the actuary based on methods and assumptions recommended by the actuary and approved by the NHRS Board of Trustees.

Cost Calculation for Previously Withdrawn Service:

The cost to purchase previously withdrawn service is equal to the total amount of funds previously withdrawn by the member adjusted for interest from the date of withdrawal to the date of purchase, based on NHRS interest rates in effect for each intervening year.

Payment of Service Credit Purchases

Most service credit purchases must be made while the member is contributing to NHRS through NHRS-covered employment and prior to the member's retirement. Previously withdrawn service credit may be purchased anytime before retirement. Employer enrollment oversight service credit may be purchased anytime either before or after retirement. Service is not credited until the cost is paid in full to NHRS. Cost calculations must be computed and approved by NHRS; members may not make a service credit purchase without an approved cost calculation provided by NHRS. Forms to request cost calculations may be accessed from the NHRS website, www.nhrs.org, or by contacting NHRS. Payment options for purchasing service credit include a payment made directly by the member with after-tax dollars and/or a trustee-to-trustee transfer from a section 403(b) tax-sheltered annuity and/or a section 457 governmental plan.

Service Credit Purchases - Eligibility for NHRS Benefits

The purchase of military service for time served in the military prior to the commencement of employment in an NHRS-covered position cannot be applied toward eligibility for Service Retirement, Early Retirement, or the Medical Subsidy. NHRS law specifically states that most service credit purchases made on or after August 11, 2003, cannot be applied toward eligibility for the Medical Subsidy.

Service Credit Purchases - Included in Pension Calculation

Service credit purchases are included in the creditable service component of a pension calculation. Such purchases are not included in the average final compensation component (the average of a member's highest-paid years of membership service) of the pension calculation.

New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301
Phone: (603) 410-3500 - Fax: (603) 410-3501
Website: www.nhrs.org - Email: info@nhrs.org

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