



Establishment of Prior Service Credit

When an employee joins TCRS, the employee begins receiving credit for employment with the participating employer. The credit is called membership service and is based on salary and service information reported to TCRS by the employer.

Prior Service or "Service Purchase" is the establishment of service other than the membership service reported by the employer while a member is actively working. Service credited to a member's account as Prior Service can be used in the calculation of the member's TCRS defined benefit.

What types of service can be credited as Prior Service?

The most common types of Prior Service that may be established include the following:

- **Reestablishing Withdrawn Service** (Recontribution of Refunded Service)
- **Military Service** which interrupted the member's public employment
- **Military Service** rendered during a period of armed conflict as defined in Tennessee Code Annotated, Section 8-34-605
- **Authorized Educational Leave of Absence** where the member's employment was interrupted by the leave period
- **Service credit** that, due to an error or oversight, was not reported to TCRS

For local governments, a plan provision may be required for members to establish certain types of Prior Service. For detailed descriptions of all types of Prior Service please see the Employer Manual at RetireReadyTN.gov > For Employers.

How to establish Prior Service

To establish Prior Service, the member must complete the appropriate application. Please note that only the member may apply for Prior Service, including military credit, and must submit the appropriate documentation required by TCRS. The application types for Additional Retirement Credit are located at RetireReadyTN.gov > Forms and Guides.

To establish Recontribution of Refunded Service or Lost service, members are not required to fill out an application and can call RetireReadyTN at (800) 922-7772 to begin the process to establish Prior Service.

The cost of Prior Service

Contributory members are responsible for the employee contributions applicable to the purchase of the Prior Service credit plus interest on the contributions compounded annually. The interest rate is established by the TCRS Board of Trustees and may be changed by the Board.

In the event an employer reporting error resulted in the member's service not being reported, the employer may accept the responsibility for the member liability, and/or the retirement system may require the employer to accept the liability for the failure to report and establish the member's service.

Paying for Prior Service

If there is a cost to the member to establish Prior Service credit, the member may pay for such service through personal check in a lump sum or through a rollover from another qualified plan, such as the State 401(k) plan. Purchasing service through a rollover requires a completed Application for Acceptance of Rollover Funds. Depending on the type of service being established, a member may be able to purchase the service through installment payments.

When the application for Prior Service is processed, the member will receive a notice regarding the cost to establish Prior Service and the payment methods allowed for the specific Prior Service Purchase.

If the Prior Service credit does not require a cost, it will be credited to the member's total service upon TCRS approval and the member will be notified that the service credit has been established.

Additional Information Related to the Purchase of Prior Service

Established Prior Service will be attributable to the plan the member is eligible for at the time the service is established, unless the member has current service tying them to a previous plan. For example, if a member was in the Legacy Plan, left service and refunded, and later returned to service, the member may be in a different plan structure (Hybrid Plan) when enrolled as a member. If so, the member may purchase the refunded service, but the service will be established in the current plan, or in this example, the Hybrid Plan.

There are minimum service requirements when a member is applying for Prior Service. A member wishing to apply for Prior Service must have at least one month of TCRS service before applying for additional retirement credit. Additionally, one year of TCRS service credit is required to purchase the following types of Prior Service:

- Recontribution of Refunded Service
- Certain periods of Lost service (service is lost from TCRS when the member has not participated in TCRS for more than seven (7) consecutive years after last becoming a member and is not eligible for a deferred retirement allowance as provided in Tennessee Code Annotated, Section 8-36-204 (vested creditable service)
- Service rendered prior to a local government's participation in TCRS in which the member chose not to join TCRS on the date of the local government's entry into the system (PC801).

With the exception of out-of-state service, a member wishing to establish Prior Service must purchase all Prior Service the member is eligible to purchase.

Establishment of Prior Service after retirement

- Prior Service must be purchased before or no later than 30 days past a member's date of retirement to be credited to the original benefit calculation.
- If service is purchased 30 days or more after a member's date of retirement, the service will be calculated as a separate monthly benefit. The member will receive the original retirement benefit, and the benefit for the Prior Service will be completed as a separate calculation. The separate benefit will be paid on the same payroll as a separate deposit.

For more information on Service Purchase, please call RetireReadyTN at (800) 922-7772.