

**SERVICE PURCHASE/SERVICE REDEPOSIT CONTRACT**

**I. PERSONAL INFORMATION**

Name (Last, First, Middle Initial)	Social Security Number
Mailing Address	Current/Former Employer
City, State, Zip	Daytime Telephone Number

**II. PURCHASE ELECTION**

I, \_\_\_\_\_ elect to purchase/redeposit service credit subject to the terms listed herein. I have used my Cost Notification letter dated \_\_\_\_\_ to complete this contract. I authorize payment for the time period and option(s) elected and initialed by me below. I understand that it is my responsibility to consult my financial institution and/or personal tax advisor for any tax advice related to my elections.

Total Purchase Cost: \$ \_\_\_\_\_

**III. PAYMENT OPTIONS**

*Please select one payment option from Options 1 through 4 below:*

**Option 1: One Lump Sum Payment**

Select A or B

A.  I elect to make one lump sum payment with a pre-tax rollover or plan-to-plan transfer

My rollover or plan-to-plan transfer check(s) equaling \$ \_\_\_\_\_ in before-tax dollars will be sent directly to OCERS by the plan administrator(s) or IRA custodian for my transferor plan or account.

If you elect to make a lump sum payment with a pre-tax rollover or plan-to-plan transfer, you must complete Section IV below and provide OCERS with the required applicable documentation described in Section IV.

\_\_\_\_\_ (initial here)

OR

B.  I elect to make one lump sum payment with a post-tax payment

I have enclosed a personal check made payable to OCERS in the amount of \$ \_\_\_\_\_.

\_\_\_\_\_ (initial here)

**Option 2: Partial Lump Sum Payment and Pre-Tax Payroll Deductions**

*This Option 2 is only available to those Members whose employer has authorized pre-tax payroll deductions. If you are unsure if this Option 2 is available to you, please contact OCERS.*

Select A or B, and complete C

**A.  I elect to make my partial lump sum payment with a pre-tax rollover or plan-to-plan transfer**

My rollover or plan-to-plan transfer check(s) equaling \$ \_\_\_\_\_ in before-tax dollars will be sent directly to OCERS by the plan administrator(s) or IRA custodian for my transferor plan or account.

If you elect to make a lump sum payment with a pre-tax rollover or plan-to-plan transfer, you must complete Section IV below and provide OCERS with the required applicable documentation described in Section IV.

\_\_\_\_\_ (initial here)

**OR**

**B.  I elect to make my partial lump sum payment with a post-tax payment**

I have enclosed a personal check made payable to OCERS in the amount of \$ \_\_\_\_\_.

\_\_\_\_\_ (initial here)

**AND**

**C.  I elect to pay all remaining amounts with bi-weekly pre-tax payroll deductions**

I understand that my bi-weekly payroll deductions will be based on the amount that I still owe after deducting my lump sum amount, which I have provided under section A or B above. The time period over which I may make these payroll deduction payments is subject to maximum time limits provided in my Cost Notification letter. I understand that my bi-weekly payroll deductions will be made on a pre-tax basis and deducted from my gross salary before taxes are withheld. I understand that this choice is irrevocable and that I may not make any changes to the amount or timing of my election for any reason whatsoever until I complete this contract or unless my death, disability or termination (with all employers covered by OCERS) occurs.

OCERS makes no warranties or guarantees that the Internal Revenue Service will continue to allow this kind of pre-tax payment arrangement in the future. If the IRS disallows pre-tax payments for purchases of service credit and/or redeposits of previously withdrawn contributions in the future, OCERS will contact me to discuss my payment alternatives.

**Before completing the information below in this Section C, please contact OCERS with your lump sum payment amount from A or B above so that OCERS can calculate your bi-weekly payroll deduction for the remaining balance. Then complete the following based on information provided by OCERS:**

Number of consecutive bi-weekly payroll deductions \_\_\_\_\_

Amount of each bi-weekly payroll deduction \$ \_\_\_\_\_

\_\_\_\_\_ (initial here)

### Option 3: Post Tax Installment Payments

I elect post tax installment payments

I agree to the payment terms stated in my Cost Notification letter, which indicates the specific time period I have for repayment. I have enclosed a personal check made payable to OCERS in the amount of \$ \_\_\_\_\_ representing my first installment payment. I understand that OCERS must receive my last installment payment no later than close of business on \_\_\_\_\_, as provided in my Cost Notification letter.

\_\_\_\_\_ (initial here)

### Option 4: Payroll Deductions

*This Option 4 is only available to those Members whose employer has authorized pre-tax payroll deductions. If you are unsure if this Option 4 is available to you, please contact OCERS.*

I elect bi-weekly pre-tax payroll deductions

I understand that the time period over which I may make these payroll deduction payments is subject to maximum time limits provided in my Cost Notification letter. I understand that my bi-weekly payroll deductions will be made on a pre-tax basis and deducted from my gross salary before taxes are withheld. I understand that this choice is irrevocable and that I may not make any changes to the amount or timing of my election for any reason whatsoever until I complete this contract or unless my death, disability or termination (with all employers covered by OCERS) occurs.

OCERS makes no warranties or guarantees that the Internal Revenue Service will continue to allow this kind of pre-tax payment arrangement in the future. If the IRS disallows pre-tax payments for purchases of service credit and/or redeposits of previously withdrawn contributions in the future, OCERS will contact me to discuss my payment alternatives.

**Complete the following based on information provided by OCERS in your Cost Notification letter:**

Number of consecutive bi-weekly payroll deductions \_\_\_\_\_

Amount of each bi-weekly payroll deduction \$ \_\_\_\_\_

\_\_\_\_\_ (initial here)

## IV. ROLLOVER/PLAN-TO-PLAN TRANSFER CERTIFICATIONS

Only complete this Section IV if you have opted to make a pre-tax rollover contribution or plan-to-plan transfer under Options 1 or 2 above. If you are unable to provide the applicable required documentation below, OCERS will not accept your rollover.

I certify that my payment will be transferred from one of the following types of plans or accounts **(select one kind of plan or account only)**:

A.  **Qualified Plan under IRC Section 401(a)**

*Please attach one of the following:*

1. A copy of the plan's most recent favorable determination letter from the Internal Revenue Service stating that the plan is tax qualified and a written certification from the plan's administrator that the plan continues to be tax qualified, or

2. A written and signed certification from the plan's administrator that the source of the eligible rollover distribution is a qualified plan under Code Section 401(a).

**B.  Individual Retirement Account or Annuity (IRA)**

Please attach a written statement from your IRA institution providing that the source of the rollover contribution is an IRA that meets the requirements of Code section 408(a) or 408(b) and sign the certification below:

Under penalties of perjury, I certify that the IRA account from which my lump sum payment will be transferred contains no after-tax monies.

\_\_\_\_\_  
Signature

**Note: In lieu of signing the above certification, you may attach a signed certification from your accountant or tax advisor providing the amount of pre-tax monies and after-tax monies in your IRA. OCERS will only accept a rollover contribution from your IRA in the amount of the pre-tax amounts.**

**C.  Annuity Contract under IRC Section 403(b) or  Governmental 457(b) Plan**

Please attach one of the following:

1. A copy of the plan's most recent private letter ruling from the Internal Revenue Service stating that the plan qualifies as Code section 403(b) plan or an eligible governmental 457(b) plan, as applicable, and a signed certification from the plan's administrator that the plan continues to be so qualified, or
2. A signed certification from the plan's administrator that the rollover distribution source is a Code section 403(b) plan or an eligible governmental 457(b) plan, as applicable.

## **V. ADDITIONAL TERMS OF SERVICE PURCHASE/REDEPOSIT**

**I understand that:**

1. This contract is legally binding. If I have elected pre-tax payroll deductions to purchase service credit or redeposit previously withdrawn contributions, this contract is also irrevocable. Irrevocable for purposes of this contract means that this contract cannot be changed regardless of any personal or financial hardship, except in the case of my death, disability or termination of employment (with all employers covered by OCERS):
  - I cannot change the payment option;
  - I cannot change the bi-weekly payment amount; and
  - I cannot change the term (payment period or number of payments).
2. Adding years of service credit may increase my monthly retirement allowance and any continuance that would be received by an eligible beneficiary (ies) with survivorship rights. Also, the annual April 1 cost-of-living adjustment (COLA) percentage will be applied to my total monthly retirement allowance, which will include any service purchased, upgraded or redeposited.
3. My retirement allowance cannot exceed 100 percent of my final compensation, regardless of service purchased or service redeposited. My retirement allowance from OCERS also cannot exceed any applicable limits under Internal Revenue Code Section 415 and the limits under Section 415 may affect the amount of my future benefit payments that I can receive from OCERS, including any benefits related to service purchased/redeposited.
4. If I am or become permanently disabled and cannot perform my job duties, I may be found eligible for a disability retirement benefit. If the Board of Retirement does grant my request for a disability retirement, either service or non-service, my benefit amount may or may not be increased due to my service purchase/service redeposit. This depends on the amount of service credit that I have earned as of the date the disability is granted. I understand that my service purchase/service redeposit contributions will not be returned to me even if I am granted a disability retirement.

5. If I terminate employment from all OCERS covered employment and go into deferred status and I want to complete my service purchase/service redeposit, I may do so. If I do not complete the service purchase/service redeposit, I will not receive any credit unless I am purchasing prior public service under sections 31641.1 and 31641.2 of the County Employees Retirement Law. The amount of prior public service time that I have purchased at my termination will be pro-rated and added to my total years of service credit. OCERS will not pro-rate any other types of service purchases or service redeposits.
6. If I terminate employment from all OCERS covered employment and choose to withdraw my contributions, my withdrawal will include the funds from my service purchase/service redeposit, as well. If I withdraw my contributions, I will forfeit all OCERS benefits including, but not limited to, service retirement and disability retirement benefits.
7. This contract will not affect payroll deductions for my regular bi-weekly retirement plan contributions. Any payroll deductions for service purchase/service redeposit will be in addition to my regular retirement contributions.
8. OCERS acts as the agent for my employer with respect to any payroll deduction authorization under this contract. I understand that my employer and/or OCERS has the authority to correct payroll deduction errors and to correct for periods in which I do not receive sufficient salary from my employer to cover the costs of this service purchase/ service redeposit contract as necessary for the purpose of ensuring compliance with the terms of this contract.
9. This contract is entered into with the understanding that pre-tax payroll deductions are allowable under current rules of the Internal Revenue Service. If the IRS determines that payroll deductions for the purchase of retirement service credit can no longer be made on a pre-tax basis, then OCERS will contact me to discuss alternative payment options. Available options will be dependent on guidance and/or requirements that the IRS provides.

**VI. PURCHASE AUTHORIZATION**

**I have read and understand the terms of this Service Purchase/Service Redeposit Contract, and I agree to abide by its requirements. I understand that this contract will not be valid and binding until it is received and accepted by OCERS.**

\_\_\_\_\_  
Member Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Accepted by OCERS/Signature

\_\_\_\_\_  
Date