

353H.08 PURCHASE OF CREDIT FOR PAST SERVICE.

Subdivision 1. **Purchase of credit for past service.** (a) A member is entitled to elect a onetime purchase of credit for periods of past service to be added to the member's allowable service covered by this section and used in calculating the member's retirement annuity. The member must repay any refunds of employee contributions previously received from the general plan before making a purchase of past service credit under this section.

(b) A member may request an estimate of the cost of a service credit purchase under this paragraph.

(1) A member may file a request with the executive director for an estimate of the purchase price for up to three different periods of past service by filing an application on a form approved by the executive director.

(2) The member must file the request for an estimate prior to filing an election to purchase past service under paragraph (c).

(3) The member must submit, with the estimate request, payment of the administrative fee in the amount of \$250 to cover the cost of preparing the estimates. If the member proceeds with the purchase, the executive director must credit the administrative fee toward the purchase price.

(4) The executive director must estimate the purchase price using the assumptions and applying any offset amount as directed under subdivision 2 for the periods of past service requested by the member and provide the estimates to the member.

(c) To purchase credit for past service, a member must file an application with the executive director on a form approved by the executive director before the annuity starting date of the member's retirement annuity or benefit. The application must:

(1) include documentation of the member's eligibility to make the purchase, signed written permission to allow the executive director to request and receive verification of applicable facts and eligibility requirements from the member's employer, and any other relevant information the executive director may require;

(2) state the amount of credit for past service the member plans to purchase and be accompanied by a certification from one or more employers that the past service fulfills the requirements under section 353H.01, subdivision 8; and

(3) if the member did not previously pay the administrative fee under paragraph (b), include payment of the administrative fee of \$250. If the member proceeds with the purchase, the executive director must credit the administrative fee toward the purchase price.

(d) The executive director must apply the assumptions and any offset amount under subdivision 2 to calculate the purchase price and notify the member. If the member elects to make the purchase of credit for past service, the member must arrange for the transfer of pretax money from another retirement plan. Payment must be made in one lump sum before the annuity starting date of the member's retirement annuity or benefit.

(e) Upon receipt of payment, the executive director must grant the member service credit for the period of past service for which credit was purchased.

Subd. 2. **Determination of past service purchase price.** (a) The executive director must calculate the purchase price for the period of past service elected by the member. The purchase price is an amount equal

to the actuarial present value, on the date of payment, of the amount of the additional retirement annuity obtained by the additional service credit being purchased minus any offset amount.

(b) The executive director must calculate the purchase price by:

(1) using the investment return assumption specified in section 356.215, subdivision 8, and the mortality table in effect for the general plan;

(2) assuming continuous future service in the plan until the plan's minimum requirements for normal retirement, or retirement with an annuity unreduced for retirement at an early age, are met with the additional service credit purchased;

(3) assuming a full-time equivalent salary or actual salary, whichever is greater, and a future salary history that includes annual salary increases at the applicable salary increase rate for the plan; and

(4) reducing the amount determined under clauses (1) to (3) by any offset amount.

History: 2026 c 106 art 5 s 35