

Background Information on Service Credit Purchases for Periods of Military Service

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Background

All statewide public pension plans in Minnesota have provisions in law to allow plan members to purchase service credit for periods of military service, as defined in [United States Code, title 38, section 4301 \(13\)](#). These purchases are allowed because of a federal law known as the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). Shortly after USERRA took effect, state law was amended to allow for service credit purchases for periods of military service.

This document includes information on relevant provisions for the Minnesota State Retirement System (MSRS), the Public Employees Retirement Association (PERA), the Teachers Retirement Association (TRA), and the St. Paul Teachers' Retirement Fund Association (SPTRFA). The provisions for these retirement systems are largely similar to each other and are compliant with USERRA.

Since USERRA took effect, legislators have heard from constituents who are members of public pension plans in Minnesota who found themselves in situations where they were ineligible for the service credit purchases under USERRA. Many of those constituents wanted to purchase service credit but had either 1) missed the deadline under law for making payment of the missed employee contribution or 2) their public employment started after their military service. As a result, the state laws that govern MSRS, PERA, and TRA were amended to expand the rights of members when making service credit purchases for periods of military service under certain conditions. Not all public pension plans in Minnesota have provisions that expand the rights of members beyond USERRA.

The information below summarizes the provisions governing military service credit purchases that are federally protected under USERRA and the state protected provisions that go beyond USERRA. The provisions that are covered by USERRA are referred to as "Federally protected purchases" and the provisions that go beyond USERRA are referred to as "State protected purchases".

MSRS Plans

Federally protected purchases

The federally protected provisions applicable to MSRS can be found at [Minnesota Statutes 352.27](#), [352B.086](#), and [490.1211](#). To qualify for a purchase under section [352.27](#), [352B.086](#), or [490.1211](#), you must be an employee who had a break in employment to provide military service and returned to employment under USERRA, provided that you did not separate from service under other than honorable conditions. To receive credit, you must pay the employee contribution that would have been paid if you had not left to provide military service. You must pay the employee contributions within a certain period after you return to employment. That period is three times the length of the uniformed service period but may not exceed five years. If that period is less than three years, you may make the contributions within three years of your discharge date. Your employer is responsible for paying the

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employer contribution amount and annual compound interest on the employee and employer contribution amount. You may only purchase up to five years of service credit, unless a longer purchase period is required under [United States Code, title 38, section 4312](#).

State protected purchases

The state protected provisions applicable to MSRS can be found at sections [352.272](#) and [352B.087](#). In addition to the provisions described above, there are additional provisions for eligible members of the General Employees Retirement Plan, the Correctional Employees Retirement Plan, and the State Patrol Retirement Plan. In order to qualify for a purchase under section [352.272](#) or [352B.087](#), you must 1) be an active member with at least 3 years of eligible service under the General Plan, Correctional Plan, or the State Patrol Plan; 2) the duration of your current period of employment is at least six months; and 3), your uniformed service occurred before becoming a state employee as defined in section [352.01](#) or you did not obtain service credit for a period of military service under section [352.27](#). The purchase is not allowed if you earned service credit in MSRS or another Minnesota public pension for the same service period as the military leave period or if you were other than honorably discharged.

If the period of service is one year or less, you must purchase the full period of service. If the period of service is longer than one year, you may purchase the full period, not to exceed five cumulative years, or a portion of the period of service. However, the period of service may not be less than one year and must be in increments of six months of service.

You may obtain credit by making a payment equal to the actuarial present value of the increase in your future monthly benefit, as calculated under section [356.551](#). This amount is based upon the contribution rates in effect at the time that the uniformed service was performed, multiplied by the time being purchased and applied to your annual salary rate. You must apply to make a purchase and pay a \$250 administrative fee for the cost of the calculation. If you proceed with the purchase, the fee will be credited toward the purchase payment amount.

For additional information, please [contact MSRS](#) or see their handout, [Actuarial Military Purchase FAQ and Cost Examples](#).

PERA Plans

Federally protected purchases

The federally protected provisions applicable to PERA can be found at [Minnesota Statutes 353.014](#). To qualify for a purchase under section [353.014](#), you must be an employee who had a break in employment to provide military service and returned to employment under USERRA, provided that you did not separate from service under other than honorable conditions. To receive credit, you must pay the employee contribution that would have been paid if you had not left to provide military service. You must pay the employee contributions within a certain period after you return to employment. That period is three times the length of the uniformed service period but may not exceed five years. If that period is less than three years, you may make the contributions within three years of your discharge date. Your employer is responsible for paying the employer contribution amount and annual compound interest on the employee and employer contribution amount. You may only purchase up to five years of

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service credit, unless a longer purchase period is required under [United States Code, title 38, section 4312](#).

State protected purchases

The state protected provisions applicable to PERA can be found at section [353.0141](#). In addition to the provisions described above, there are additional provisions for eligible members of PERA. To qualify for a purchase under section [353.0141](#), you must be active in your PERA-covered position for at least six months and have at least three years of total allowable PERA service. In addition, your uniformed service must have either occurred before becoming a state employee as defined in section [353.01, subdivision 2](#) or you did not obtain service credit for a period of military service under section [353.01, subdivision 16](#). The purchase is not allowed if you earned service credit in PERA or another Minnesota public pension for the same service period as the military leave period or if you were other than honorably discharged.

If the period of service is one year or less, you must purchase the full period of service. If the period of service is longer than one year, you may purchase the full period, not to exceed five cumulative years, or a portion of the period of service. However, the period of service may not be less than one year and must be in increments of six months of service.

You may obtain credit by making a payment equal to the actuarial present value of the increase in your future monthly benefit due to the service purchase, as calculated under section [356.551](#). This amount is based upon the contribution rates in effect at the time that the uniformed service was performed, multiplied by the time being purchased and applied to your annual salary rate. You must apply to make a purchase and pay a \$250 administrative fee for the cost of the calculation. If you proceed with the purchase, the fee will be credited toward the purchase payment amount.

For additional information, please [contact PERA](#) or see their handout, [Actuarial Military Purchase](#).

TRA

Federally protected purchases

The federally protected provisions applicable to TRA can be found at [Minnesota Statutes 354.53](#). To qualify for a purchase under section [354.53](#), you must be an employee who had a break in employment to provide military service and returned to employment under USERRA, provided that you did not separate from service under other than honorable conditions. To receive credit, you must pay the employee contribution that would have been paid if you had not left to provide military service. You must pay the employee contributions within a certain period after you return to teaching service. That period is three times the length of the uniformed service period but may not exceed five years. If that period is less than three years, you may make the contributions within three years of your discharge date. Your employer is responsible for paying the employer contribution amount and annual compound interest on the employee and employer contribution amount. You may only purchase up to five years of service credit, unless a longer purchase period is required under [United States Code, title 38, section 4312](#).

State protected purchases

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The state protected provisions applicable to TRA can be found at section [354.543](#). In addition to the provisions described above, there are additional provisions for eligible members of TRA. To qualify for a purchase under section [354.543](#), you must have at least three years of total allowable TRA service. In addition, your uniformed service must have either occurred before becoming a state employee as defined in section [354.05, subdivision 2](#), or you did not obtain service credit for a period of military service under section [354.53](#). The purchase is not allowed if you earned service credit in TRA or another Minnesota public pension for the same service period as the military leave period or if you were other than honorably discharged.

You may obtain credit by making a payment equal to the actuarial present value of the increase in your future monthly benefit due to the service purchase, as calculated under section [356.551](#). This amount is based upon the contribution rates in effect at the time that the uniformed service was performed, multiplied by the time being purchased and applied to your annual salary rate. You must apply to make a purchase.

For additional information, please [contact TRA](#).

SPTRFA

Federally protected provisions

The federally protected provisions applicable to SPTRFA can be found at [Minnesota Statutes 354A.093](#). To qualify for a purchase, you must be a teacher in the coordinated program of SPTRFA who had a break in employment to provide military service and returned to employment under USERRA, provided that you did not separate from service under other than honorable conditions. To receive credit, you must pay the employee contribution that would have been paid if you had not left to provide military service. You must pay the employee contributions within a certain period after you return to teaching service. That period is three times the length of the uniformed service period but may not exceed five years. If that period is less than three years, you may make the contributions within three years of your discharge date. Your employer is responsible for paying the employer contribution amount and annual compound interest on the employee and employer contribution amount. You may only purchase up to five years of service credit, unless a longer purchase period is required under [United States Code, title 38, section 4312](#).

For additional information, please [contact SPTRFA](#).

State protected purchases

There are no state protected provisions applicable to SPTRFA that go beyond the federally protected purchases required by USERRA.