

When you are ready to pay off the entire cost of establishing your prior service, you may draw from a combination of sources to complete your payment.

Enrolling in the Installment Purchase Plan

Contact the TCRS Prior Service Office to request an installment invoice. Detailed rules on the program will accompany each invoice. Questions regarding this installment purchase plan should be directed to the TCRS Prior Service Section at (615) 741-4868 or Counseling Services at (615) 741-1971, or you may write to TCRS at the following address:

Tennessee Consolidated Retirement System
10th Floor
Andrew Jackson Building
Nashville, TN 37243

This brochure is intended to provide general information on the current federal and state rules which apply to rollovers to TCRS. The information in this brochure is subject to change as a result of subsequent federal or state amendments, regulations and interpretations and does not supersede or restrict state or federal statute or authority.

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Purchasing Prior Service Through the Installment Purchase Plan



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Tennessee Consolidated
Retirement System
10th Floor Andrew Jackson Bldg.
Nashville, TN 37243
(615) 741-4868
www.treasury.state.tn.us/tcrs

Purchasing Prior Service in TCRS

If you are eligible to buy prior service in the Tennessee Consolidated Retirement System (TCRS), the first step in the purchase process is to determine the cost. The TCRS Prior Service Office will be glad to calculate your cost and send you a prior service billing invoice. To assist TCRS in processing your request, please be sure to provide your full name (including maiden name, if applicable), social security number, type of service (such as withdrawn teaching service or peacetime military service), and the period of service. If you want to reestablish credit for service which you previously withdrew, TCRS also needs to know the approximate date of withdrawal. If you wish to claim service that has not previously been reported, a claim form such as a Certification of Prior Service or Military Claim Form may also be needed.

Potential Sources for Your Prior Service Payment

If you are eligible to buy prior service in the Tennessee Consolidated Retirement System (TCRS), you have three choices for paying for that service. You may (1) write a personal check; (2) make a rollover or transfer from a tax-deferred 401(k) plan, 403(b) plan, 457 plan, or IRA; or (3) use

money you have accumulated in the TCRS installment purchase plan. Details on using a rollover are provided in the separate TCRS publication, *Purchasing Prior Service with a Rollover or Transfer*. Details on using the TCRS installment purchase plan are provided below.

Installment Purchase Plan Rules

The installment system allows you to choose payment periods, depending on the amount of service to be purchased. The installment invoice will set out the available payment periods. The installment payment plan may not be used for certain types of prior service such as probationary period service and out-of-state service.

The installment plan will make an automatic electronic transfer of funds from your checking or savings account on the third day of each month until the service is paid in full. Down payments and early payoffs will be accepted without penalty.

Your installment purchase plan account may only be used to accumulate after-tax monies. Money may not be transferred from a tax-deferred 401(k) plan, 403(b) plan, 457 plan, or IRA into your installment account. If you want to make a transfer from a tax-deferred plan to TCRS to pay part of your total cost,

do so at the time you are ready to complete your payment, following the instructions in the *Purchasing Prior Service with a Rollover or Transfer* brochure.

If you use the installment payment plan, you will not accrue any pension rights in TCRS based on the service you intend to purchase until your final payment is made. If you do not complete your payment plan, you or your beneficiary would have the right to a refund of any installment payments you made.

Choosing the Best Method for Building Your Savings

For some individuals, the installment purchase plan may be the simplest saving method. Although interest will continue to be charged while you are participating in the installment system, interest is only assessed on the declining balance, similar to a mortgage.

If your employer offers a tax-deferred retirement savings plan such as a 457 plan, 403(b) plan or 401(k) plan, saving the amount you need in that plan may enable you to save what you need faster. When you use a tax-deferred retirement savings plan, you can use before-tax salary to accumulate the funds needed to purchase your service.