

Police Officers Retirement System (PORS)

Frequently Asked Questions (FAQs)

~ Service Purchases ~

General Information

Q1: When can I apply for a service purchase cost statement?

A1: Once the Fairfax County Board of Supervisors (BOS) has approved the amendment to PORS' ordinance regarding service purchases. The BOS is expected to vote on this amendment on May 21, 2024.

Q2: Where can I access materials from today's educational event?

A2: www.fairfaxcounty.gov/retirement/news-0. Materials from the educational event will be posted on FCRS' website by Friday, May 10th. This includes the agenda, FAQs, service purchase paperwork (i.e., Police Officer's Application for Purchase of Outside Service Credit), and presentation slides from FCRS and Cheiron.

Q3: Who can purchase service credit?

A3: Active members of PORS, based on language provided within the retirement system's respective Collective Bargaining Agreement (CBA).

Q4: Is the service purchase calculation "cost neutral" (i.e., the retirement system isn't any better or worse off than if service purchases weren't allowed)?

A4: Yes.

Q5: What are the differences between PORS Plans A/B and Plan C, as it relates to the service purchase calculation?

A5: PORS Plan C doesn't provide an additional 3% factor when calculating retirement benefits.

Calculating the Cost of a Service Purchase

Q6: If I purchase service credit, will it be added to my total service credit and my ability to retire early?

A6: To the extent that the service purchase allows you to reach 25 years earlier than without the purchase then yes, it contributes to you being able to retire “earlier”.

Q7: Should the cost of my service purchase be based on my career progression instead of my current age, salary, years of service, etc.?

A7: The impact of additional service is directly affected by your current and future situation (service, salary changes, etc.); therefore, your prior information isn’t utilized when determining the cost of your purchase.

Q8: What is the formula used to calculate the cost of a service purchase?

A8: Cheiron (FCRS’ actuary) will present the calculation method along with applicable factors used to calculate a service purchase. Members will be able to perform their own estimates; however, there may be slightly different results due to rounding conventions.

Q9: How is interest on the actuarial assumptions compounded?

A9: Interest is compounded monthly.

Q10: Why does it cost less to purchase service if I have 25 years of earned service versus 20 years of earned service?

A10: Once a member has accrued 25 years of service, they are no longer buying earlier retirement eligibility with the purchase. If a member has 21 years of service and they purchase four (4) additional years, the purchase not only provides a benefit based on four (4) additional years in the benefit formula, but it increases the value of the existing 21-year benefit (since the member can start receiving a benefit immediately instead of waiting four (4) more years).

Calculating the Cost of a Service Purchase (cont.)

Q11: How often does the calculation for a service purchase change?

A11: Key assumptions used to calculate service purchase costs are reviewed in five-year intervals with the next review in 2025. These factors include mortality, interest rates, salary growth and COLA rates.

URS only: Social Security Covered Compensation tables change annually. Therefore, any URS members with salary in excess of the Covered Compensation level would be impacted by minor changes to that part of the valuation.

Requesting and Completing a Service Purchase

Q12: How do I initiate a service purchase inquiry?

A12: You can request a service purchase application and submit service purchase related inquiries to FCRS at our designated email address: servicepurchases@fairfaxcounty.gov.

Q13: What type of service can I purchase?

A13: Prior law enforcement and active-duty military service.

Q14: Can I purchase only a portion of my available service?

A14: Yes. You can purchase military and prior law enforcement service in monthly increments, up to 48 months of total eligible service credit (including ported service credit).

Q15: Does purchased service contribute to the calculation of my highest three years of salary (i.e., Final Average Salary (FAS))?

A15: No, the FAS calculation is based on your average annual creditable compensation during the three consecutive years (78 consecutive pay periods) of creditable service in which such compensation was at its greatest amount. In determining creditable compensation, premium payments such as overtime pay shall not be included.

Requesting and Completing a Service Purchase (cont.)

Q16: Are there any limitations to the amount of service I can purchase?

A16: Yes, members may only purchase up to 48 combined months of verified active-duty military service and prior law enforcement service (including any ported service). “Active-duty military service” shall mean full-time service of at least one-hundred-eighty (180) consecutive days.

Q17: When is the cost for completing a service purchase lowest?

A17: Generally, the cost for completing a service purchase increases over a member’s career as various factors (age, salary, and years of earned service) continue to increase. Submitting a service purchase application prior to the effective date of a salary increase (e.g., promotion, etc.) would result in a lesser overall cost.

Q18: How long will it take to receive an estimated cost for my service purchase?

A18: Within thirty (30) days of receipt of a completed application and verification of service.

Q19: How long is a service purchase calculation valid before a new calculation is required?

A19: Sixty (60) days.

Q20: What options are available to pay for a service purchase?

A20: You may choose to pay for prior service credit over 104 bi-weekly post-tax pay periods (four years) via a lump-sum payment or an initial lump-sum payment with bi-weekly payments to follow. Lump-sum payment options include a personal check, a rollover from a qualified plan, or a trustee-to-trustee transfer.

Q21: Can I make a lump-sum payment after I have started bi-weekly payments?

A21: Yes, however, once bi-weekly payments have started, you may only make a lump-sum payment to pay off the remaining balance.

Requesting and Completing a Service Purchase (cont.)

Q22: If I stop making payments, will I receive credit for purchased service?

A22: Yes, if you stop payments, you will receive service credit in whole months equivalent to the amount of your partial payments.

Q23: Can I purchase service if I'm in the Deferred Retirement Option Program (DROP)?

A23: No, once you enter DROP you no longer receive credit towards retirement benefits.

Q24: Can I continue to make payments towards a service purchase when I enter DROP or otherwise retire?

A24: No, once you enter DROP or retire your service purchase contract would terminate and you would receive credit in whole months equivalent to the amount of your partial payments.

Q25: Can I continue to make payments towards a service purchase if I terminate employment?

A25: No. If you are vested, you will receive service credit in whole months equivalent to the amount of your partial payments. If you are not vested, you are eligible to receive a refund/rollover of your account balance.

Q26: When do I receive credit for purchased service?

A26: Service credit is granted upon either 1) the completion of a service purchase contract/lump sum payment or 2) termination of a service purchase contract (partial credit granted).

Q27: What forms are needed to apply for a service purchase?

A27: The 'Police Officer's Application for Purchase of Outside Service Credit' (form P047), which includes a section for verification of non-military service, must be submitted to the Retirement Systems' office.

Q28: What documentation is required to verify my eligible service credit?

A28: Active-duty military service purchases require a DD214 with an Honorable discharge. Other law enforcement service purchases require verification from your former employer.

Additional Questions

Q29: Who currently has a portability agreement with Fairfax County Retirement Systems (FCRS)?

A29: Only the Virginia Retirement System (VRS) currently has a signed portability agreement with FCRS.

Q30: Can you purchase VRS service credit instead of porting service?

A30: The total cost for service would be the same under either a portability service or military service calculation; however, portability includes money transferred from VRS to pay a portion of the total cost.

Q31: Will the interest rate used in the assumption to purchase service ever decrease?

A31: The Boards of Trustees of the PORs and URS review actuarial assumptions at 5-year intervals. During any of these studies, there may be a recommendation to change the interest rate and/or other assumptions. Note that using a lower interest rate would increase the cost of a service purchase.

Q32: What factors do vacancies within the retirement system impact the calculation of the employer contribution?

A32: The calculation is based purely on the impact that additional service has on the System's measure of liability. The vacancy rate and the way in which the County chooses to pay for the existing plan benefits has no impact on the service purchase calculation.

Additional Questions (cont.)

Q33: How are service purchases under the Collective Bargaining Agreement (CBA) different than other service-related purchases and transfers?

A33: Employer contributions remain in FCRS for these purchase types:

- **Buy-in:** Member transfers from one FCRS plan to another with a different contribution rate and the member pays the employee contributions based on their salary history during years purchased (e.g., cadet service).
- **Buy-back:** Member rehires into a plan they previously refunded contributions from, and the refunded balance is used to calculate the total cost to repurchase.

Employer contributions do not exist for these purchase types:

- **Portability:** Member's transferable assets from a qualifying plan are used to calculate the actuarial equivalent of service in the member's hiring plan.
- **Military (per CBA):** Member pays the actuarial cost (based on their age, salary, plan, and other assumptions) of the added service.
- **Prior Law Enforcement (per CBA):** Member pays the actuarial cost (based on their age, salary, plan, and other assumptions) of the added service.