

## Article 4: City Employees' Retirement System

### Division 13: Purchase of Service Credit

*("Purchase of Service Credit" added 7-12-1993 by O-17938 N.S.)*

#### §24.1301 Purpose and Intent

For purposes of purchasing service credit available under the Retirement System, a Member who participates in a Long Term Disability program sponsored by the City or a contracting agency shall be eligible to purchase any available service credit to which the Member would otherwise be entitled to purchase, so long as the Member's contributions remain on deposit with the Retirement System during the Member's participation in the City's or contracting agency's Long Term Disability program.

Deferred Members who have left their contributions on deposit with the Retirement System are not eligible to make purchases of service credit in the Retirement System while on a deferred status.

Subject to procedures established by the Board, a Member of the Retirement System may purchase service credit in the Retirement System for a variety of periods of City and non City service. A Member shall establish minimum age and service requirements through current creditable service, service credit purchased pursuant to this Division under procedures established by the Board, or a combination of the foregoing before the Member is eligible to receive retirement benefits.

Except as required by Federal law, purchase of service credit for Retirement System purposes establishes eligibility for service based retirement benefits only.

*(Amended 6-19-2000 by O-18815 N.S.)*

#### §24.1302 Purchase of Probationary Period

Any Member who does not have service credit for any period of eligible City service during his or her probationary period of employment with the City shall have the right to elect to receive credit for such service providing that, prior to retirement, the Member pays a lump sum into the Retirement System in an amount calculated by multiplying the average rate of contribution of General or Safety Members as determined by the Board times the Base Compensation received by the employee during that portion of the probationary period concerned, rounding the monthly salary off to the nearest \$100, plus an average interest of four and one-half percent (4-1/2%) per year from the date of entrances into the Retirement System until the date of purchase.

*(Amended 8-7-2000 by O-18835 N.S.)*

**§24.1303 Purchase of Service Credit for Previous City Service**

A Member who contributes at the current rate, and who prior to entrance in the Retirement System held a position in the City service eligible for membership, and at that time during that tenure was not a member of any retirement system, shall have the right to purchase service credit in the Retirement System for all or any part of the City service rendered, whether interrupted or not during the time of such City service before becoming a member. Any Member who was previously a Member of the 1981 Pension Plan shall be eligible to purchase service credit for the mandatory one year waiting period required by that plan.

*(“Purchase of Service Credit for Previous City Service” added 7–12–1993 by O-17938 N.S.)*

**§24.1304 Purchase of Service Credit for Part–Time or Hourly Service in Positions not Eligible Membership**

Upon vesting, any vested Member who, was employed by the City in a position that was less than full–time or was otherwise not eligible for membership, may purchase full–time service credit for the period of time he or she rendered part–time or hourly service prior to membership.

No employee shall be eligible to purchase service credit under this Section for periods of employment after January 1, 1997.

*(Amended 3–31–1997 by O–18392 N.S.)*

**§24.1305 Purchase of Service Credit Upon Reinstatement**

If any Member has terminated City service without fault, or because of reasons beyond his or her control, the Member shall have the right at any time, if re–employed by the City, to be reinstated in the Retirement System upon such terms and conditions as shall be prescribed by the Board. Such Member shall be eligible to purchase service credit for the period between the date of termination and the date of reinstatement. If, however, such Member upon re–employment does not elect to purchase service credit as authorized by this section, the Member’s rate of contribution following his or her reinstatement shall be based upon the Member’s age at reinstatement. Credit for service under this section shall be granted only for the period during which contributions have been made.

No employee hired or re–instated after January 1, 1997, shall be eligible to purchase service credit under this section.

*(Amended 2–25–1997 by O–18383 N.S.)*

**§24.1306 Repayment of Previously Refunded Member Contributions**

Upon reemployment with the City, a Member may repay the amount previously refunded plus interest at the actuarial interest rate under terms and conditions prescribed by the Board.

*(“Repayment of Previously Refunded Member Contributions” added 7–12–1993 by O–17938 N.S.)*

**§24.1307 Purchase of Approved Leaves of Absence**

- (a) Notwithstanding the definition of Creditable Service in Section 24.0103, any Member granted an approved leave of absence shall have the right, upon his or her return to City service, and upon request by the Member, to obtain service credit for a period of up to one year of such absence by paying into the Retirement System an amount determined by the Board to be the equivalent of the employee cost of that service.
- (b) Notwithstanding the definition of Creditable Service in Section 24.0103, any Member granted an approved leave of absence for periods of time in excess of one year shall have the right, upon return to City service, and upon request by the Member, to obtain service credit for such excess leave of absence by paying into the Retirement System an amount determined by the Board to be the equivalent of the employee and employer cost of that service.
- (c) A member is not eligible to purchase service credit under Section 24.1307(a) or (b) for periods of leave of absence that begin after January 1, 1997, except for leaves of absence granted by the City for long term disability benefits, Family Medical Leave Act periods approved by the City, leaves of absence without pay approved by the Civil Service Commission with job to be saved, including any period preceding reinstatement by the Civil Service Commission following a termination appeal.

*(Amended 3–31–1997 by O–18392 N.S.)*

**§24.1308 Purchase of Service Credit for Officer or Employee not Previously Included within Field of Membership**

If any officer or employee in a position not previously included within the field of membership of the Retirement System is brought within the field of membership, or if any officer or employee chooses to come within the field of membership, such officer or employee shall have the right to purchase service credit for that period of service not previously included within the field of membership of the Retirement System as provided in this Division.

*(“Purchase of Service Credit for Officer or Employee not Previously Included within Field of Membership” added and amended 7–12–1993 by O–17938 N.S.)*

**§24.1309 Purchase of Military Service for Service Credit**

The Board is hereby authorized and vested with power to enact rules and regulations which shall govern the status of Members of the Retirement System who either voluntarily or involuntarily enter into the service of the United States Military forces, which rules and regulations shall safeguard the interest of such Members to the extent that they shall not be deprived in any way of any benefit secured by General law of the State because of such absence. These rules and regulations shall provide that the member shall be eligible to purchase service credit for such absence on Military service.

*(“Purchase of Military Service for Service Credit” added 7–12–1993 by O-17938 N.S.)*

**§24.1310 Purchase of Service Credit Payment Options**

- (a) To purchase Creditable Service, a Member must elect to pay and thereafter pay, in accordance with such election before retirement, into the Retirement Fund an amount, including interest, determined by the Board. No Member will receive Creditable Service under this Division for any service for which payment has not been completed pursuant to this Division before the effective date of the Member’s retirement.
- (b) Subject to any limitations imposed by the Internal Revenue Code, such payments under section 24.1310(a) may be made by lump sum, installment payments, direct transfer to the Retirement System from any defined contribution plan maintained by the City of San Diego, or in such manner and at such time as the Board may by rule prescribe. Any sums paid by a Member under section 24.1310 are considered to be and administered as Member contributions.

*(Amended 12–3–2002 by O–19126 N.S.)*

*(Repealed Subsection ( c ) of Section 24.1310 on 4-28-2008 by O-19740 N.S.; effective 5-28-2008.)*

**§24.1312 General Provision for Five-Year Purchase of Creditable Service**

Any Member may purchase a maximum of five years of Creditable Service, in addition to any other Creditable Service the Member is eligible to purchase under this Division. The cost of Creditable Service purchased under section 24.1312 is the amount the Board determines to be the employee and employer cost of that Creditable Service.

*(“Amended 12-3-2002 by O-19126 N.S.)*

**§24.1312.1 Prohibition of Five-Year Purchase of Creditable Service**

Section 24.1312 does not apply to members hired or assuming office after July 1, 2005.

*(“Prohibition of Five-Year Purchase of Creditable Service” added 1-17-2007 by O-19567 N.S.; effective 2-16-2007.)*

**§24.1313 Mandatory Purchase of Service Credit by way of Trustee-to-Trustee Transfer for Certain Employees not Previously Included within Field of Membership**

- (a) Each employee initially hired by the *City* on or after July 20, 2012, but before July 10, 2021, who joins the *System* under section 24.0104, who has been continuously employed by the *City* since July 8, 2022, and who has not taken a distribution of their SPSP-H funds, must, upon joining the *System*, purchase *Service Credit* by way of a trustee-to-trustee transfer for all of the *Member’s* periods of *City* employment working in a standard hour position before they started making contribution to the *System*.
- (b) Each employee initially hired by the *City* on or after July 20, 2012, but before July 10, 2021, who joins the *System* under section 24.0104, who has been continuously employed by the *City* since July 8, 2022, and who has taken a refund of SPSP-H monies for a period of time when they were not in a standard hour position, must, upon joining the *System*, purchase *Service Credit* by way of a trustee-to-trustee transfer for all of the *Member’s* periods of *City* employment working in a standard hour position before they started making contributions to the *System*.

- (c) Each employee initially hired by the *City* on or after July 20, 2012, but before July 10, 2021, who joins the *System* under in section 24.0104, who has been continuously employed by the *City* since July 8, 2022, and who has taken a refund of SPSP-H monies for a period of time when they were in a standard hour position, must, upon joining the *System*, purchase *Service Credit* by way of a trustee-to-trustee transfer for all of the *Member's* periods of service working in a standard hour position during the employee's periods of continuous *City* employment immediately before they started making contributions to the *System*.
- (d) As a result of the *Service Credit* purchase by way of a trustee-to-trustee transfer, the *Member* is considered to have joined the *System* on the membership date determined in section 24.0104(m).
- (e) The *Actuary* will calculate the actuarial liability, or cost, to purchase the *Service Credit*. That cost will be projected through the last day prior to joining the *System*. The *Member's* share of the liability is the *Normal*, *Surviving Spouse*, and *Cost-of- Living Annuity Contributions* the *Member* would have made, plus annual interest at the *System's* assumed actuarial rate of return, for the periods the *Member* worked in a standard hour position described in subsections (a), (b), or (c). The remaining liability is the *City's* share of the liability.
- (f) The cost to purchase *Service Credit* by way of a trustee-to-trustee transfer will be allocated between the *Member* and the *City* as follows:
  - (1) The *Member's* share of the liability as defined in subsection (e) will be transferred from the *Member's* SPSP-H employee contribution account by way of trustee-to-trustee transfer from the SPSP-H to the *System*. The *City* will contribute to the *System* the difference, if any, between that amount and the total amount of the *Member's* share of the liability as defined in subsection (e).
  - (2) The *City's* share of the liability as defined in subsection (e) will be transferred from the *Member's* SPSP-H employer contribution account by way of trustee-to-trustee transfer from the SPSP-H to the *System*. The remaining *City* responsibility, if any, will be funded as determined by the *Board*.
- (g) The amounts to be transferred will be transferred to the *System* by way of trustee-to-trustee transfer as soon as administratively feasible after the employee starts making contributions to the *System*. In each case, the *System* will accept the transfer.

- (h) All amounts transferred from the *Member's* SPSP-H account to the *System* to purchase *Service Credit* by way of a trustee-to-trustee transfer under this section will be treated as *Member* contributions and credited to the *Member's* contribution account, but will not be treated as contributions for purposes of Internal Revenue Code section 415(n)(1). The *System* will separately account for the portion of the transferred amounts attributable to pre-tax contributions and the portion attributable to after-tax contributions and earnings on that portion based on information provided by the *City* of its designee in connection with the transfer.

(“Mandatory Purchase of Service Credit by way of Trustee-to-Trustee Transfer for Certain Employees not Previously Included within Field of Membership” added 7-1-2022 by O-21474 N.S.; effective 7-31-2022.)

**§24.1314 Voluntary Purchase of Service Credit for Certain Employees Not Previously Included Within the Field of Membership**

- (a) A *Member* who has been continuously employed since July 8, 2022, may, after joining the *System*, purchase *Service Credit* for periods of service working in a standard hour position on or after July 20, 2012, but before July 10, 2021, not credited under section 24.1313, as provided in this section.
- (b) The *Board* will determine the equivalent of the employee and employer cost of that service. The *Member* is responsible for the liability to purchase the *Service Credit*.
- (c) A member who opts to purchase *Service Credit* under this section within sixty days of joining the *System* shall be entitled to the provisions set forth under section 24.1313, with the exception that the *City's* share of the liability for the *Service Credit* will be determined based on the amount in the *Member's* SPSP-H employee and employer contribution account immediately before any distribution from the *Member's* SPSP-H account.

(“Voluntary Purchase of Service Credit for Certain Employees Not Previously Included Within the Field of Membership” added 7-1-2022 by O-21474 N.S.; effective 7-31-2022.)

**§24.1315 Voluntary Purchase of Service Credit for Certain Separated Employees Not Previously Included Within the Field of Membership**

- (a) Each employee initially hired by the *City* on or after July 20, 2012, but before July 10, 2021, who:
- (1) separated from *City* employment before July 9, 2022, and was not employed by the *City* on July 9, 2022, or
  - (2) separated from *City* employment before July 9, 2022, was not working for the *City* on July 9, 2022, and was rehired on or after July 9, 2022, or
  - (3) was not in a position eligible for membership on July 8, 2022, and subsequently separated from *City* employment without ever becoming eligible for membership,

may purchase *Service Credit* for the full period of service when they were working in a standard hour position on or after July 20, 2012, through July 8, 2022 (“Prop B”), as provided in this section.

- (b) The *Actuary* will calculate the actuarial liability, or cost, to purchase the *Service Credit* and the *Normal, Surviving Spouse, and Cost-of-Living Annuity Contributions* the *Member* would have made, plus annual interest at the *System’s* assumed actuarial rate of return.
- (1) For each employee described in subsection (a) above who, during Prop B, was represented by the San Diego Municipal Employees’ Association; Local 127, American Federation of State, County and Municipal Employees, AFL-CIO; the Deputy City Attorneys Association; or the San Diego City Firefighters Local 145, IAFF, the *Member’s* share of the liability is the *Normal, Surviving Spouse, and Cost-of-Living Annuity Contributions* the *Member* would have made, plus annual interest at the *System’s* assumed actuarial rate of return, for the periods the *Member* worked in a standard hour position described in subsection (a) above, while they were represented.



- (2) For each employee described in subsection (a) above who, during Prop B, was represented by the San Diego Municipal Employees' Association; Local 127, American Federation of State, County and Municipal Employees, AFL-CIO; the Deputy City Attorneys Association; or the San Diego City Firefighters Local 145, IAFF, the *City's* share of the liability payable by the *Member* will be determined based on the amount in the separated employee's SPSP-H employer contribution account on the date of their separation from employment, plus all investment earnings (actual or assumed) after separation from *City* employment, for the periods the *Member* worked in a standard hour position described in subsection (a) above, while they were represented. The balance of the liability after the *Member's* share, as described in (1) and (2), will be the *City's* share.
  - (3) For each employee described in subsection (a) above who, during Prop B, was not represented by the San Diego Municipal Employees' Association; Local 127, American Federation of State, County and Municipal Employees, AFL-CIO; the Deputy City Attorneys Association; or the San Diego City Firefighters Local 145, IAFF, the *Member's* share of the liability for the *Service Credit* will be the full liability.
- (c) If an employee under subsection (a) fails to purchase the *Service Credit* under this section, they will have no further opportunity to do so, except as provided for in subsection (d) below or under section 24.1308 upon return to work at the *City* in a position eligible for membership.
- (d) A separated employee who, during Prop B, was represented by the San Diego Municipal Employees' Association; Local 127, American Federation of State, County and Municipal Employees, AFL-CIO; the Deputy City Attorneys Association; or the San Diego City Firefighters Local 145, IAFF, who does not take timely action under this section, to purchase *Service Credit* under this section when initially provided with a contract to do so, but is rehired by the *City* into a standard hour position, will be provided with another opportunity to purchase such *Service Credit* under this section, provided that:
  - (1) they were rehired within two years of the date of the original contract, and
  - (2) they become a *Member* of the *System* upon rehire, and

- (3) they complete one year of continuous employment as a *Member* of the *System* from the date of rehire.
- (e) Rehired employees under subsection (d):
  - (1) Within 60 days of the completion of one year of continuous employment, the *City* must notify the *Member* of their rights under this section and inform the *Member* that it is the *Member's* responsibility to request a contract from SDCERS.
  - (2) The *Actuary* will calculate the actuarial liability, or cost, to purchase the *Service Credit* and the *Normal, Surviving Spouse*, and *Cost-of-Living Annuity Contributions* the *Member* would have made, plus annual interest at the *System's* assumed actuarial rate of return as of the date of the completion of one year of employment under (d).
  - (3) The rehired employee will fund the contract in accordance with subsections (b)(1-3) above.
    - (A) The rehired employee will have 60 days from the date of the contract to sign the contract.
    - (B) The rehired employee will have 60 days from the date the contract is signed to fund the contract.

(“*Voluntary Purchase of Service Credit for Certain Separated Employees Not Previously Included Within the Field of Membership*” added 3-4-2024 by O-21768 N.S.; effective 4-3-2024.)

**§24.1316 Purchase of Service Credits for Approved Leaves of Absence for Certain Separated Employees**

- (a) Each employee initially hired by the *City* on or after July 20, 2012, but before July 10, 2021, who:
  - (1) separated from *City* employment before July 9, 2022, and was not working for the *City* on July 9, 2022, or
  - (2) separated from *City* employment before July 9, 2022, was not working for the *City* on July 9, 2022, and was rehired after July 9, 2022, or
  - (3) was not in a position eligible for membership on July 8, 2022, and subsequently separated from *City* employment without ever becoming eligible for membership, and

- (4) who purchased *Service Credit* under section 24.1315, may purchase *Service Credit* for leaves of absence when the employee was receiving long-term disability benefits from the *City*; leaves of absence protected by the Family and Medical Leave Act; leaves of absence without pay approved by the Civil Service Commission with job saved, including any period preceding reinstatement by the Civil Service Commission following an appeal of termination of employment, and military leaves of absence covered by the Uniformed Services Employment and Reemployment Rights Act, while working in a standard hour position on or after July 20, 2012, but before July 8, 2022, as provided in this section.
- (b) Within 60 days of completing the purchase of *Service Credit* under section 24.1315, each employee described in subsection (a) may request a contract to purchase *Service Credit* for any of the leaves of absence listed in subsection (a)(4).
- (c) If a separated employee fails to timely request and purchase *Service Credit* under this section, the separated employee will have no further opportunity to do so.

(“*Purchase of Service Credits for Approved Leaves of Absence for Certain Separated Employees*” added 3-4-2024 by O-21768 N.S.; effective 4-3-2024.)