

Members with eligible prior service are allowed to “purchase” some or all of those years by making a contribution to the Plan. The amount of the contribution is the current cost of adding those years to their service credit for purposes of determining the benefit amount and retirement date. The chart illustrates the cost of purchasing 1, 3, or 5 years of prior service for various age/service combinations. The purpose of the chart is to give members an idea of the cost of such a purchase, so they can decide whether or not they are interested enough to have an individual calculation. An individual calculation would reflect the actual age and past service of the member at the time of the purchase, and the amount of service being purchased, and would determine the purchase price for that service.

The costs in the chart are shown as a percent of annual salary. For example the cost of purchasing 1 year for a person age 35 with 3 years of past service would be **14%** of his current annual salary. If his salary were \$40,000 then the cost would be 14% of \$40,000 or \$5,600. By buying that 1 year, his normal retirement age would go down by 1 year because he would reach 20 years of service at age **51** instead of at age **52**. All of this information is shown on the chart as:

14% (52 / 51)

If that same person were purchasing 3 years, his cost would be **40%** of \$40,000 or \$16,000, and his normal retirement age would go down from age **52** to age **49**. All of this information is shown on the chart as:

40% (52 / 49)

Purchasing service does not always reduce retirement age. Sometimes it only increases the benefit. For example, a member age 40 with no prior service will reach normal retirement age at age 55 whether he buys back service or not. As a result, the purchase price for those years is less as a percent of pay than if his retirement age were to be reduced. If he were to buy back 1 year of service, the cost would be 24%. This information is shown as:

24% (55 / 55)

City of Lauderdale Police Officers' Retirement System

Illustration of Service Purchase Costs

Based on Normal Retirement Dates: Age 55 & 5 Years or 20 & Out

Benefit Rate: 3% per Year of Service prior to 10/1/01, and 3.5% on Remaining Service

Expressed as a Percent of Pay (NRA A / NRA B)*

		<i>Illustration of Costs to Buy Back 1 Year of Service</i>							
		Current Age							
		25	30	35	40	45	50		
Current Service	0	10% (45 / 44)	10% (50 / 49)	15% (55 / 54)	24% (55 / 55)	27% (55 / 55)	28% (55 / 55)		
	3	14% (42 / 41)	13% (47 / 46)	14% (52 / 51)	26% (55 / 55)	25% (55 / 55)	33% (55 / 55)		
	6	17% (39 / 38)	16% (44 / 43)	14% (49 / 48)	18% (54 / 53)	30% (55 / 55)	30% (55 / 55)		
	9	N/A (N / A)	19% (41 / 40)	16% (46 / 45)	15% (51 / 50)	30% (55 / 55)	25% (55 / 55)		
	12	N/A (N / A)	23% (38 / 37)	19% (43 / 42)	16% (48 / 47)	18% (53 / 52)	32% (55 / 55)		

		<i>Illustration of Costs to Buy Back 3 Years of Service</i>							
		Current Age							
		25	30	35	40	45	50		
Current Service	0	32% (45 / 42)	31% (50 / 47)	42% (55 / 52)	72% (55 / 55)	76% (55 / 55)	90% (55 / 55)		
	3	44% (42 / 39)	41% (47 / 44)	40% (52 / 49)	72% (55 / 54)	78% (55 / 55)	98% (55 / 55)		
	6	56% (39 / 36)	50% (44 / 41)	45% (49 / 46)	51% (54 / 51)	91% (55 / 55)	86% (55 / 55)		
	9	N/A (N / A)	60% (41 / 38)	52% (46 / 43)	45% (51 / 48)	70% (55 / 53)	90% (55 / 55)		
	12	N/A (N / A)	N/A (N / A)	62% (43 / 40)	51% (48 / 45)	49% (53 / 50)	97% (55 / 55)		

		<i>Illustration of Costs to Buy Back 5 Years of Service</i>							
		Current Age							
		25	30	35	40	45	50		
Current Service	0	57% (45 / 40)	55% (50 / 45)	66% (55 / 50)	120% (55 / 55)	120% (55 / 55)	151% (55 / 55)		
	3	79% (42 / 37)	73% (47 / 42)	69% (52 / 47)	107% (55 / 52)	137% (55 / 55)	157% (55 / 55)		
	6	N/A (N / A)	89% (44 / 39)	80% (49 / 44)	82% (54 / 49)	142% (55 / 54)	144% (55 / 55)		
	9	N/A (N / A)	110% (41 / 36)	93% (46 / 41)	79% (51 / 46)	105% (55 / 51)	154% (55 / 55)		
	12	N/A (N / A)	N/A (N / A)	113% (43 / 38)	91% (48 / 43)	81% (53 / 48)	138% (55 / 53)		

* NRA A is the normal retirement age before buying back service
 NRA B is the normal retirement age after buying back service