

# BUYING OTHER GOVERNMENTAL SERVICE



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## General Information

You may be eligible to increase your Wisconsin Retirement System benefit by purchasing the time you worked for non-WRS public employers at the federal, state or local level. Other Governmental Service (OGS) that you purchase is treated as WRS-creditable service for purposes of calculating your formula retirement benefit or your disability benefit under Wis. Stat. §40.63. It will always be credited as *general employment category service* regardless of the type of duties performed or your current employment category.

Service earned in another state or with the federal government or military must be comparable to Wisconsin service. This means that if the service had been performed for a Wisconsin public employer, the employee would have been covered by the WRS.

Additionally, the time you propose to buy as OGS must meet WRS participation standards:

- For time served before July 1, 2011, you must have worked at least 600 hours per year in a non-teaching position, or 440 hours per year as a teacher or educational support staff.
- For time served on or after July 1, 2011, you must have worked at least 1,200 hours per year in a non-teaching position, or 880 hours per year as a teacher or educational support staff.

Processing time for OGS purchases can vary widely. Generally, applications submitted late in the year may have longer processing times. If you make an OGS purchase shortly before retirement, your benefits will likely not increase until the final calculation is completed six to nine months after retirement.

Please review [Buying Creditable Service \(ET-4121\)](#) and [Calculating Your Retirement Benefits \(ET-4107\)](#) brochures for more information. They are available online at [etf.wi.gov](http://etf.wi.gov) or by contacting ETF.

## How is the Cost of OGS Calculated?

Most benefits paid by the WRS are funded by contributions from employers and employees, plus investment income. Since no contributions were made to fund the benefit increase provided from purchased OGS, the employee must pay enough to *fully fund* the estimated future benefit increase the purchased service will provide.

The cost of your OGS purchase is determined by using a special calculation program created by the WRS actuary. The cost is based on your age, salary, normal retirement date, and accrued service at the time the estimate is prepared. Upon verification, any change to these factors may significantly change your cost to purchase OGS. The program also calculates the potential increase to your retirement benefit because of the OGS purchase.

Other factors to consider:

- The cost will be higher for service performed before 2000 because it increases your benefit by a greater amount.
- OGS calculations are complex and vary based on several factors, including your age, years of WRS service, and earnings. Even minor differences in any of these factors may have a significant impact on the cost for an individual to purchase OGS.
- The cost might be disproportionate to the amount of service purchased. For example, one year of OGS could cost more or less than one-half the price of purchasing two years of OGS, depending on the other characteristics of your account.

## When and How Much Service Can I Buy?

You can purchase all or any portion of your eligible OGS. Some important criteria to keep in mind:

- You must have three *complete*, continuous annual earnings periods of service under the WRS without a termination in employment of more than 90 days. This is three complete *fiscal* years for teachers, educational support personnel, and judges. For all other employment categories, the annual earnings periods are in complete *calendar* years.
- The three years must be immediately preceding the application to purchase OGS.
- The years of employment do not have to be full time. You can only receive a maximum of one year of creditable service in an annual earnings period. Therefore, if you already have some WRS service credited for a calendar or fiscal year, you cannot purchase service that would result in a total of more than 1.0 for that year.
- You may make two OGS purchases each year, but you are limited to buying an amount equal to the creditable service you have earned under the WRS at the time of purchase.

## How Would an OGS Purchase Benefit Me?

If you receive a formula retirement benefit from the WRS, each year of the purchased OGS may increase your monthly benefit. It may also increase your benefit by lowering your actuarial reduction for early retirement. If you receive a WRS disability benefit, the OGS purchase may increase your disability benefit amount and any death benefit payable to your beneficiary(ies).

OGS does not count toward service requirements under the WRS such as vesting, military service, insurance, etc.

The potential increase in your retirement benefit can vary greatly based on several factors, including your age, employment category, earnings, and years of WRS service. Using your annual *Statement of Benefits* (ET-7365) form that you receive in the mail and the WRS Retirement Benefits Calculator at [etf.wi.gov/calculators/disclaimer.htm](http://etf.wi.gov/calculators/disclaimer.htm), you can determine your potential benefit increase.

If you no longer have your most recent *Statement of Benefits* (ET-7365), please contact ETF for a duplicate copy. See the [Calculators page](#) on the ETF website and:

1. Create an initial retirement estimate by entering your birth date, anticipated retirement date, corresponding years of service (allocated as years “Before 2000” or “After 1999,”

as appropriate) and your earnings. Click “CALCULATE” to produce an estimate based on the information that you entered.

2. Create a second retirement estimate. This time, increase your total years of service by the amount of OGS that you would like to purchase. Be sure to enter your OGS time as general service in either the years “Before 2000” or “After 1999” column as appropriate. Click “CALCULATE” to produce a second estimate. **The difference between the first and second estimate is your potential retirement benefit increase.**
3. As a final comparison, consider creating a third retirement estimate. This time, remove the additional years of OGS service that you entered for the second estimate (while retaining your actual years of service) and then enter the estimated cost to purchase your OGS in the “employee additional contributions” box. Click “CALCULATE” to produce an estimate.

The third estimate in the example above shows how investing the cost to purchase your OGS as an additional contribution to your WRS account, instead of making the OGS purchase, may impact your retirement benefit. For more information about this alternative, see the [Additional Contributions \(ET-2123\)](#) brochure, available at [etf.wi.gov](http://etf.wi.gov) or contact ETF.

## What About Return on My Investment?

You should carefully evaluate other investment alternatives before choosing to purchase OGS. The money you spend to purchase OGS will normally be paid out to you or your beneficiaries in some form. The return on your investment will vary.

- If you close your account by taking a separation benefit, your refund will include the OGS payment plus accrued interest.
- If you die **before** taking a benefit from your WRS account, the OGS payment plus accrued interest, will be included in the death benefit paid.
- If you die **after** taking a benefit from your WRS account, the annuity option you selected and the duration of your payments will affect the return on your investment.

- If your money purchase benefit is higher than your formula benefit at retirement, the money purchase balance will include the amount of your OGS payment plus accrued interest.
- If your formula benefit is higher at retirement and your benefit exceeds the maximum benefit payable, OGS will not increase your formula retirement benefit.

**Making voluntary additional contributions may be a better long-term investment than buying OGS.** Voluntary additional contributions to your WRS account are credited with interest at the WRS effective rate. For more information about additional contributions, see the [\*Additional Contributions \(ET-2123\)\*](#) brochure, available at [etf.wi.gov](http://etf.wi.gov) or contact ETF.

## What Type of Service is Eligible for Purchase?

Eligible service includes work for federal, state, or local governmental entities in the United States outside the state of Wisconsin. All service must meet the WRS participation requirement (number of hours worked in a year) to be eligible for purchase. Some examples are:

- Teaching in public schools, colleges, or universities outside of Wisconsin.
- Service with the federal government or paid stipend from federal funds (i.e., Peace Corps, AmeriCorps VISTA).
- Employment with a U.S. state, county, or city government outside Wisconsin but within the United States. A U.S. state includes the territories organized by Congress such as the District of Columbia, Puerto Rico, and several others.
- Active duty military service.
  - National Guard or Reserves service is also eligible but rarely meets WRS participation requirements.

Employment with a Wisconsin governmental employer can be purchased as OGS if the employer was **not** a WRS-participating employer for employees in your employment category.

A participating employer is one that reported employees in your employment category to the WRS at the time you worked there.

**Some examples of service that are eligible for purchase are:**

- Employment with Milwaukee County.
- Non-teaching service with the city of Milwaukee or with a Wisconsin school district that does not cover educational support employees under the WRS (or did not report non-teaching employees at the time the service was performed).
- General category employment with a Wisconsin city that only reports its protective category employees.

## What Type of Service is Not Eligible for Purchase?

**Not all previous employment can be purchased. Some examples of service that are *not* eligible for purchase are:**

- Employment for a WRS-participating employer that was not expected to, and did not, last for at least one year.
- Part-time employment that fell below the WRS-eligibility requirement.
- Employment while you were younger than age 20 and regularly enrolled as a full-time high school student.
- Employment by a university as a student assistant or employee-in-training and any employment that was part of your training at an educational institution where you attended classes. This includes individuals employed as graduate assistants.
- Employment by a private or non-profit agency under contract with a government agency.
- Employment by a tribal government.
- Unpaid volunteer activities.
- Professional services that you provided as a private contractor to governmental clients.
- National Reserves or National Guard Service that does not meet the WRS eligibility requirement (number of hours worked in a year). This generally applies to those serving one weekend per month and two weeks per year.

You cannot purchase OGS based on any service from which you are already (or will be) receiving a benefit. This restriction, however, does not apply to Social Security benefits, disability benefits, or benefits paid for service in the National Guard or Reserves. Retirement benefits are benefits regulated by Section 401 or Section 403 of the Internal Revenue Code.

## How Will OGS be Credited to My WRS Account?

By law, OGS is credited as *general employment category service*, regardless of the type of duties you performed during the years of OGS that you are purchasing or your current employment category.

Service is credited based on the number of hours worked (full or part time). One year of service is equivalent to 1,904 hours of work. You cannot be credited with more than one year of service in one annual earnings period, regardless of the number of hours you actually worked.

Your OGS purchase payment is credited to your WRS account as employee-required contributions and earns interest at the same rate as your regular employee-required contributions. Employer contributions are not made on your service purchase.

## Supporting Evidence

You must provide evidence of the service that you wish to purchase as OGS.

### **For Non-Military OGS, you must submit a completed:**

- *Employer Certification of Other Governmental Service* (ET-2206) form.
- *Summary of Other Governmental Service* (ET-2210) form.

These forms are available at [etf.wi.gov](http://etf.wi.gov) or from ETF.

### **For Active Duty Military OGS:**

- Active duty military service is verified with a DD214 that documents your entry date, separation date, and type of discharge from active service. The DD214 must indicate an honorable or general service discharge.
- If a DD214 is not available, complete the *Summary of Other Governmental Service* (ET-2210) form and provide ETF with documentation of your honorable or general service discharge.

### **For Reserves or National Guard OGS:**

- Complete the *Summary of Other Governmental Service* (ET-2210) form and provide ETF with documentation of your honorable or general service discharge.
- Time served in the Reserves or National Guard must satisfy the WRS-participation standards to be eligible for purchase.
- For WRS purposes, a day of military service is equal to eight hours. Those serving one weekend per month and two weeks per year in the Reserves or National Guard earn approximately 300 hours of comparable WRS-creditable service. This level of service does *not* meet the WRS-participation standards.
- You cannot earn more than one year of creditable service during a year. Therefore, time served in the Reserves or National Guard is not eligible for purchase if you simultaneously worked full time in a WRS-covered position.



## Methods of Payment

How to pay for OGS:

- Pay the full amount with your *Application to Purchase Other Governmental Service* (ET-2205).
- Use your voluntary employee additional contributions, if applicable.
- Pay up to 90% of the cost through a direct plan-to-plan transfer of funds from certain retirement plans. ETF can only accept funds from those plans authorized under Internal Revenue Code sections:
  - 401(a)
  - 403(b)
  - 401(k)
  - 457(b), which includes the Wisconsin Deferred Compensation Program

If you pay for your OGS by using a plan-to-plan transfer, you must pay a minimum of 10% of the total cost with your application. This payment can be made by personal check or money order, by using your additional contributions, or a combination of the two methods. Your employer may not purchase OGS on your behalf.

You must also submit a separate *Plan-to-Plan Certification* (ET-7368) form for each qualified plan from which funds are being transferred. Submit the certification form(s) to ETF along with your OGS application. ETF will forward the certification form to the qualified plan(s). Contact ETF if you need additional forms. ETF must receive the transfer from the other qualified plan(s) within 90 days after the date ETF receives your OGS application.

## When to Purchase OGS

The cost of OGS is usually higher for members in their 50s and 60s because they have more service and higher earnings. Generally, the sooner you can buy OGS, the less expensive it may be.

Due to documentation requirements and processing time, you should begin planning for your OGS purchase as early as possible.

Under state law, ETF must receive your application for purchase, supporting evidence of your service, and payment *no later than* the day you terminate WRS employment.

If a plan-to-plan transfer is used, your payment of at least 10% of the total cost must be received by your termination date and the transferred funds within 90 days of your payment and application.

For your convenience, you may make two OGS purchases each calendar year. ETF will recalculate the cost each time and provide you with a new estimate.

# Contact ETF



**etf.wi.gov**

Find ETF-administered benefits information, forms, brochures, benefit calculators, educational offerings and other online resources. Stay connected with:

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**1-877-533-5020**

7:00 a.m. to 5:00 p.m. (CST), Monday-Friday

Benefit specialists are available to answer questions.

Wisconsin Relay: 711



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Write ETF or return forms.

