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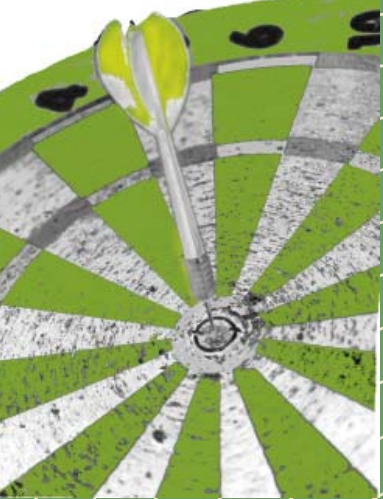
**[www.pera.state.nm.us](http://www.pera.state.nm.us)**

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# **Purchasing Military Service Credit for Retirement**



**Public Employees  
Retirement Association  
of New Mexico**



## **Achieving Your Retirement Target**

**PERA members may purchase service credit for active military duty served prior to joining PERA, subject to certain conditions. Up to five years of military service may be purchased by the month toward a PERA or ERA pension. These are the requirements:**

- ◆ **Member must have received an honorable discharge.**
- ◆ **Member must be vested (have worked at least five years for a PERA affiliate).**
- ◆ **Member sends request for estimate accompanied by DD214 form.**
- ◆ **PERA staff will send the estimate and a contract to the member.**
- ◆ **The completed contract must be returned within 60 days of the estimate for that purchase amount to remain valid.**
- ◆ **Member will pay for the months requested in one lump sum.**

## **How the Payment Amount is Calculated**

**Payment is based on employee and employer contribution rates under the plan the member is covered by at the time of purchase.**

**Staff calculates the final average salary, or FAS, which is the average of the highest 36 consecutive months of reported salary.**

**The final average salary is multiplied by the sum of the employee and employer contribution rates.**

**This will give the cost for each month of military service a member wishes to purchase.**

### ***Example:***

*If the FAS is \$2,000*

*for a member on Municipal Police Plan 5*

*the employee contribution is 16.3%*

*the employer contribution is 18.5%*

*the sum of these rates is 34.8%. Multiply \$2,000 by 34.8% which would equal \$696 for each month of military service credit to be purchased.*