

**PRIOR SERVICE CREDIT  
AND  
THE PROSPECTIVE TGRS-MERS PARTICIPATING TRIBE**

The subject of prior service is governed by Section 2C(3) of the MERS Plan Document:

“ ‘Prior service’ means certified personal service rendered to an employer by a member prior to the date the employer became a participating employer. The participating employer shall certify to the retirement system, in writing, the amount of prior service to be credited each member in its employ. The participating employer may limit the period of certified prior service to either a percentage of the member’s total period of prior service or a stated number of years. Certification of prior service shall be made prior to the retirement of a member, in the form and at the time prescribed by the Retirement Board.”

There is no “automatic” right to prior service credit under the MERS Plan Section 2C(3). Significant, long-term, financial consequences and funding liability for the employer and the employees arises where prior service credit is to be granted without sufficient assets transferred to fund the actuarial accrued liability. The Initial Actuarial Valuation states the reduction in the accrued service cost for prior service credit that will result from a transfer of assets into TGRS-MERS.

The transfer of assets offset liabilities arising from the prior service, and is required whether the former qualified plan was a defined benefit or defined contribution plan. The Retirement Board strongly encourages that assets equal to the related actuarial accrued liability be transferred into TGRS-MERS, whether from the prior plan and/or other sources.

TGRS-MERS will not recognize prior service unless the uniform conditions specified in Section 2C(3) are met, with the exception that the minimum prior service liability funding requirement shall be 80%. While full actuarial funding of the accrued liability is encouraged, the minimum shall be eighty percent (80%) of the prior service liability, with the remaining actuarial accrued liability to be amortized over a 25-year period. If the assets actually transferred are less than 80% of the actuarial accrued liability, then all prior service recognized will be strictly proportional to the transfer amount.

*See* **RESOLUTION FOR ADOPTING TRIBAL GOVERNMENT RETIREMENT SYSTEM-MERS DEFINED BENEFIT PROGRAMS**, Sections 3.1 through 3.3 for specific language implementing TGRS-MERS’ recognition of prior service and asset transfer requirements.