

REINSTATEMENT INTEREST RATE



The reinstatement interest rate is the percentage rate charged to members who are repaying a Base Plan separation, a waiting period, and/or delinquent contributions. The rate changes annually and is determined based on the average of the Prime Rate on June 30th of the previous three years plus 1%. For calendar year 2019, the reinstatement interest rate is 5.25%.

Once a member starts the repayment process, the interest rate is locked at whatever rate is in effect when the repayment begins, and it remains fixed until the unpaid balance is completely repaid. Interest accrues on any unpaid balance.

Separation Benefit

Withdrawal of contributions and interest earned by members who leave PERSI-covered employment. A member who leaves PERSI-covered employment and later returns to work for another PERSI employer after taking a separation benefit, may pay back the funds (plus interest) to reinstate service credit for the previous employment.

Waiting Period

From July 1, 1965 to June 30, 1971, PERSI members had a one-year waiting period before they were eligible to earn service credit. The time during which members waited to become eligible to earn service credit can be purchased (with interest) to give the member up to one year of additional service.

Delinquent Contributions

Contributions that were due, but not paid to PERSI. Reasons for a delinquency may include a payroll reporting error, clerical error, or even misinterpretation of PERSI law by employers. Members are required to pay contributions on the wages they earn while working for a PERSI employer. If contributions were due but not paid, they are considered delinquent. Before a member is eligible to collect a PERSI retirement benefit, the delinquent contributions must be paid.

A brochure about buy backs is available on the PERSI website. It addresses these types of situations in more detail.