ICMA-RC is now

MissionSquare
RETIREMENT

Purchasing service credits

If you participate in a defined benefit pension plan, you may be eligible to purchase additional service credits – also known as Air Time – to increase your lifetime income benefit.

Get to know the pluses and minuses of purchasing service credits.

Purchases are typically made by transferring money from eligible retirement accounts. You can also purchase additional credits from your paycheck on a pre-tax basis.

Purchasing service credits is an irrevocable decision – the money can't be withdrawn should you change your mind later – so carefully weighing your options is important.

Although you may receive income during your retirement from several sources, there are two broad types to consider:

Controlled by others	Controlled by you
Pension	IRA
Social Security	457 Deferred Compensation Plans
Immediate annuities	401 Defined Contribution Plans
Both types of income have advantages and disadvantages.	

Income sources controlled by others

These payments offer security and peace of mind.

- Payments last your entire life, protecting you from running out of money.
- This income is not only predictable but also relieves you of the responsibility of investing and managing the money.

These payments may have downsides.

- They're set by a formula, so once you begin receiving benefits, the payment is irrevocable and unchangeable.
- They can lose purchasing power over time as they're adjusted at rates short of inflation.
- Although there may be a payment made to a beneficiary at your death (depending on options you select), the money isn't under your control, which will reduce the amount you leave to others.

Income sources controlled by you

These payments offer flexibility and choice if your needs change.

- You can increase payments from your accounts as your cost of living changes. And you can take out lump sum amounts for major purchases, emergencies, etc., as you see fit.
- All funds remaining in these accounts are distributed according to your direction, either during your life or when you pass away.

But, tradeoffs exist.

- You bear the risk that payments will not last your entire lifetime if you spend them too early, have a very long life, or experience poor investment performance.

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Balance is key

For most individuals, the right balance of control and security should be part of any well-managed retirement plan.

Purchasing additional pension credits could be beneficial if you're projected to receive significantly less guaranteed income than your expected yearly essential expenses or your pension's maximum retirement allowance.

Just remember such a purchase comes at the cost of flexibility to respond to your own changing needs and circumstances over the rest of your life. Will you want to travel for a few years? Do you want to leave a bequest to children, grandchildren, or charity?

Retirement expenses	
Requiring flexibility	Relatively fixed
Travel	Food
Hobbies	Housing
A new business	Taxes
Gifts	Insurance

Individuals should initially decide on their desired balance between the flexibility to respond to unforeseen changes and the security for an extra long life.

Combining control and security

Your MissionSquare Retirement plan has options to help provide you with security and flexibility. Learn more about target-date funds and lifetime income funds. Both provide diversification and automatic rebalancing all in one fund. For an extra fee, lifetime income funds provide income guarantees, subject to an insurer's claims-paying ability, without loss of control.

Your MissionSquare representative – with knowledge of your pension and retirement accounts – can help you reach your retirement goals.