

Service Accruals Quick Reference – Pension Services

Purpose of Document

This document provides an overview of the business rules and time periods (service counters) for accruing **Pension Services**. If you have more questions, contact Benefit Services Group at: (617) 496-4001.

PENSION SERVICES [1 of 2]

(Defined by Harvard University's Pension Plan Documents)

Participation Service

- Use(s)** **Used as *one of the criteria* to determine:**
- Employee's participation status and date for a pension plan; i.e., when an employee starts receiving contributions.
 - Employee's eligibility for Health and Welfare Retirement Benefits.
- Accrual Calculation** An employee gains one month (one month of service is equal to .08333 years of service) of Participation Service if, on the last calendar day of the month:
- Accrual Rule(s)** The employee's benefit primary job status is "active" (i.e. not terminated, retired, or deceased); and
- The employee works a combined eligible schedule of 17.5 hours per week or more (20 or 21 hours for some unions, 0 hours for some Faculty); and
 - The employee's benefit primary job is not in an employee class of External Post Docs ("Z" and "N") or Harvard Grad Student Fellowships ("H"); and
 - The employee's benefit primary job is not in the unpaid paygroup of "NPD."

Vesting Services

- Use(s)** ➤ Determines the employee's vesting status and date for a pension plan.
- Accrual Calculation** An employee gains one month (one month of service is equal to .08333 years of service) of Vesting Service if, on the last calendar day of the month:
- Accrual Rule(s)** The employee's status is "active" (i.e. not terminated, retired, or deceased); and
- The employee's benefit primary job is not in an employee class of External Post Docs ("Z" and "N") or Harvard Grad Student Fellowships ("H"); and
 - The employee's benefit primary job is not in the unpaid paygroup of "NPD."

Credited Service

- Use(s)** **Used as *one of the criteria* to determine:**
- Employee's level of contributions for the Cash Balance account of the 1995 Staff pension plan.
 - Employee's Pension Benefits under the closed Defined Benefit plan.
- Accrual Calculation** An employee gains one month (one month of service is equal to .08333 years of service) of Credited Service if, on the last calendar day of the month:
- Accrual Rule(s)** • The employee's benefit primary job status is "active" (i.e. not terminated, retired, or deceased); and
- The employee works a combined eligible schedule of 17.5 hours per week or more (20 or 21 hours for some unions); and
 - The employee is eligible for the 2001 Staff or the 1995 Staff pension plan; and
 - The employee's benefit primary job is not in an employee class of External Post Docs ("Z" and "N") or Harvard Grad Student Fellowships ("H"); and
 - The employee's benefit primary job is not in the unpaid paygroup of "NPD."

PENSION SERVICES [2 of 2]

(Defined by Harvard University's Pension Plan Documents)

Portable Service, Minimum Service, and 1950 Plan Service are exclusively used in the calculations of the defined benefits formula for Harvard's closed pension plans.

Portable Service

Use(s) Used as *one of the criteria to determine*:

- Employee's Pension Benefits under the closed Defined Benefit plan.

Accrual Calculation An employee gains one month (one month of service is equal to .08333 years of service) of Participation Service if, on the last calendar day of the month:

Accrual Rule(s) The employee's benefit primary job status is "active" (i.e. not terminated, retired, or deceased); and

- The employee works a combined eligible schedule of 17.5 hours per week or more (20 or 21 hours for some unions); and
- The employee is eligible for the closed Defined Benefit plan.

Minimum Services

Use(s) Used as *one of the criteria to determine*:

- Employee's Pension Benefits under the closed Defined Benefit plan.

Accrual Calculation An employee gains a fractional year equal to the number of hours worked while eligible for the closed Defined Benefit plan divided by 1820, not to exceed one year of service for each plan year.

1950 Faculty Plan Service

Use(s) Used as *one of the criteria to determine*:

- Employee's Pension Benefits under the closed 1950 pension plan.

Accrual Calculation An employee gains one month (one month of service is equal to .08333 years of service) of 1950 Faculty Plan Service if, on the last calendar day of the month:

Accrual Rule(s) The employee's benefit primary job status is "active" (i.e. not terminated, retired, or deceased); and

- The employee is eligible for the 1950 Faculty plan or the 1973 Faculty plan; and
- The employee's benefit primary job is not in the unpaid paygroup of "NPD."

Pension Services – Break in Service Rules

- Employees never lose service, no matter how much service they had at termination or how long they were away, except for Credited Service where some break in service rules apply for non-vested employees.
- Service stops accruing when an employee goes on Unpaid LOA. Service is reinstated upon return from LOA as long as the reason code of RFL or UNP is used.