WELCOME!

A Primer on Your Benefits

Presenter: Jim Mendoza
Engaging Employees – The Life Chart

- Get my job
- I'm eligible for a pension and get one!
- Get hitched
- Have a baby
- Get divorced
- Start thinking more about retirement
- New partner
- Spouse has critical illness
- Estate planning
- Planning to retire
- Retirement planning
- Take a leave
- Disability leave
- Change jobs and consolidate my pension plans
- Retired and work again
- I'm eligible for a pension and get one!
Defined Benefit

Employer & Employee Contribute to the Plan

State Investment Board choose where and how to invest assets

Benefit defined by a formula

Guaranteed lifetime benefit upon eligibility
When Can I Retire?

Age 65
Full Benefit

Age 55
Reduced Benefit

5 years

20 years
How is the Benefit Calculated?

Plan 2

2% \times \text{Service Credit Years} \times \text{Average Final Compensation} = \text{Monthly Lifetime Benefit}
Age 65

10 Service Credit Years

5 Service Credit Years

5 Service Credit Years

12 months earned after age 44

PERS
June 1, 2003

SERS
Sept 1, 2000

TRS
July 1, 1996

Eligible to Retire – Plan 3
How is the Benefit Calculated?

Plan 3

1% × Service Credit Years × Average Final Compensation

= Monthly Lifetime Benefit

One Benefit ~ Two Checks
Plan 3 Defined Contribution

Employee Contributes to the Plan

Employee chooses where and how to invest assets

Benefit based on market performance

Access at separation
Why Is It Important?

Retirement Expenses

- Housing
- All Other
- Health Insurance
- Entertainment
- Food
- Transportation

Retirement Income

- Pension
- Savings
- SSA

All Other

Why Is It Important?
Engaging Employees – The Life Chart

- Get my job
- I'm eligible for a pension and get one!
- Get hitched
- Have a baby
- Get divorced
- Start thinking more about retirement
- New partner
- Spouse has critical illness
- Estate planning
- Planning to retire
- Disability leave
- Change jobs and consolidate my pension plans
- Take a leave
- I'm eligible for a pension and get one!
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<th>Monthly Income</th>
<th>Service Credit</th>
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<td>65 years</td>
<td>$4000.00/mo</td>
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<td>Chris</td>
<td>61 years</td>
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</table>

**Option 1**

\[
2\% \times \text{SCY} \times \text{AFC} = \text{Benefit}
\]

\[
2\% \times 25 \times $4,000.00 = $2,000.00
\]
# Early Retirement Factors

## Plans 2 & 3

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<td>Chris</td>
<td>65 years of age</td>
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<td>A.F.C.</td>
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<td>Service Credit</td>
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Can I Change My Option?

Option 1
Marriage after Retirement
Change Beneficiary

Option 2, 3, or 4
Pop-up Provision
Remarriage?
Can I Change My Option?

Un-retire
Defined Benefit Calculation

Reduced Benefit

- Pat retires at age 60, then starts receiving Defined Benefit

- AFC: $4000.00

- Service Credit: 20 years

\[
1\% \times 20 \times \$4000.00 = \$800.00
\]

\[
\$800.00 \times 0.594 = \$475.20
\]
Defined Benefit Calculation
Indexed Benefit

- Pat works until age 60, separates from service, but defers receiving Defined Benefit until 65

- AFC: $4000.00
- Service Credit: 20 years

\[ 1\% \times 20 \times \$4646.47 = \$929.29 \]

\$475.20 @ age 60

Indexing available after 20 years of service
Dual Membership

Member of more than one:

PERS • PSERS • SERS • TRS • LEOFF 2 • WSPRS

1ST Class Cities of Seattle, Tacoma or Spokane

May receive check from each system

Plan rules determine when & how much
Dual Membership - Example

55 Years of Age

25 Years of Service

10 Years – PERS 2

15 Years – TRS 3

2% X SCY X AFC

1% X SCY X AFC

Highest AFC Used
What is Dual Membership and How Does It Affect Me?

If you are an active member in any of the retirement systems listed below and you once belonged to another of these systems, you may be eligible for benefits under the provisions for dual membership. Dual member systems and plans include:

- Public Employees' Retirement System (PERS) Plans 1, 2 and 3
- Teachers' Retirement System (TRS) Plans 1, 2 and 3
- School Employees' Retirement System (SERS) Plans 2 and 3
- Public Safety Employees' Retirement System (PSERS) Plan 2
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOPF) Plan 2
- Washington State Patrol Retirement System (WSPRS) Plans 1 and 2
- First-Class City Retirement Systems for Seattle, Spokane and Tacoma
- Statewide City Employees' Retirement System (SCERS) - If you were a member of SCERS, contact a DRS Retirement Services Analyst for complete information about dual membership.

How Do I Qualify?
You qualify for dual membership if you meet all of the following criteria:

- You are currently a member of one of the dual member systems listed above.
- You previously contributed to a dual member system other than the one to which you now belong.
- You have not retired from any Department of Retirement Systems (DRS) administered system.
- You are not receiving disability retirement or disability leave benefits from any DRS-administered retirement system.

Note: If you are employed at the same time in a SERS-eligible position and a PERS-eligible position, different rules apply. Contact DRS for more information.

What Are the Advantages of Dual Membership?
Dual membership has three advantages:

- You may be eligible to restore service credit withdrawn from any other dual member system without having to become an active member in that system.
- You may combine service credit earned in all dual member systems to become eligible for retirement.
- You may use your highest base salary in a dual member system to calculate your retirement benefit.

Restoring contributions and service credit
If you become a dual member, you may be eligible to restore contributions and service credit that you previously withdrew from any other dual member system. To restore, you must repay the withdrawn contributions plus interest within 24 months of becoming a dual member.
Creating Options

Retirement Expenses

- Housing
- Health Insurance
- Transportation
- All Other
- Entertainment
- Food

Retirement Income

- Pension
- SSA

DCP
What is DCP?

Supplemental Retirement Savings Program

“457” Plan
Discover the Smart, Easy Way to Save
Purchasing Additional Service Credit

You may purchase additional service credit to increase your monthly retirement benefit. You can only purchase additional service credit at the time of your retirement. You cannot use the additional service credit to qualify for retirement.

Why would I want to purchase additional service credit?
Purchasing additional service credit increases your monthly retirement benefit for the rest of your life and, if you choose a survivor option, the Department of Retirement Systems (DRS) will continue paying the increase to your survivor after your death.

Example
Becky is a 65-year-old PERS Plan 2 member who has 22 years (264 months) of service credit. Her average final compensation (AFC) is $3,000 per month. She wants to purchase five years (60 months) of additional service credit.

Step one: Before filing her retirement application, Becky will calculate her estimated monthly retirement benefit without the purchase of additional service credit.

The formula is: Months of service credit × 12 x 2% x AFC = monthly benefit.
For Becky, this means: 264 months × 12 x 2% x $3,000 = $1,320.

Step two: Becky will use the same formula to calculate how much her monthly benefit will increase when she purchases five years (60 months) of additional service credit.

60 months × 12 x 2% x $3,000 = $360
Purchasing 60 months of service credit will increase Becky's monthly retirement benefit to $1,620.
($1,320 + $360 = $1,620)

Step three: Becky must figure the cost to purchase the additional five years (60 months) of service credit.

To figure the cost, she will divide the amount of the benefit increase ($360) by an annuity factor for her age and plan (0.0069798). See the annuity chart on the back page for a partial list of factors.

$360 ÷ 0.0069798 = $42,981
Becky will pay $42,981 to purchase 5 years (60 months) of service credit.

Fixed income option
Equivalent of 60 months
Not membership service
Designed to increase benefit
Purchasing Additional Service Credit

Example

Pat: 25 SC Years  65 yrs of age  AFC $4000.00

Normal Benefit:
2 % \times 25 \text{ SC Years} \times $4000.00 = $2,000

Additional SC Benefit:
2 % \times 5 \text{ SC Years} \times $4000.00 = $400

\{ \text{New Benefit:} \quad $2,400 \}

You can use rollover dollars

$400 \div 0.0068403 = $58,477.00 \quad \text{(Annuity factor)}
Welcome

Information displayed throughout this application represents your individual retirement detail for your DRS-administered account as of Tuesday, November 29, 2011. If this information is incorrect, please see the instructions on how to make changes.

Member Information

Address: 
Date of Birth: 
E-mail: 
Phone Number: 

Your Retirement Plan(s)

- Public Employees’ Retirement System Plan 2 - Active

Your Supplemental Retirement Plan(s)

If you select a supplemental retirement plan’s link below, you’ll be taken to a different website. If you haven’t already done so, you’ll be asked to set up an online account on these sites. You’ll also get the help you need to register if you need it.

- Deferred Compensation Program (DCP)
Purchasing Additional Annuity – LEOFF 2

Minimum $25,000

Must come from eligible gov’t plan

Designed to increase benefit

June 13, 2014

WASHINGTON STATE DEPARTMENT OF RETIREMENT SYSTEMS
Advantages

**Create Larger Benefit**
- Guaranteed lifetime benefit
- Retirement or Survivor
- Benefit COLA

**Offset Reductions**
- Survivor Option
- Early Retirement
Plan 3

Defined Benefit + Defined Contribution = Hybrid Plan

One Plan – Two Checks
Plan 3 Defined Contribution

Employee Contributes to the Plan

Employee chooses where and how to invest assets

Benefit based on market performance

Access at separation
Member Contributions

**Which Investments Do I Choose?**

*OR*

- **WSIB Investment Program**
  - TAP Fund
  - Total Allocation Portfolio

- **Self-Directed Investment Program**
  - One Step Investing
  - Retirement Strategy Funds
  - Build & Monitor
  - your own portfolio
Welcome
Information displayed throughout this application represents your individual retirement detail for your DRS-administered account as of Monday, February 04, 2013. If this information is incorrect, please see the instructions on how to make changes.

Member Information

Address:                      Date of Birth:

Email:                       Phone Number:

Your Retirement Plan(s)
Select a system and plan below to see a summary of your membership.

• School Employees' Retirement System Plan 3 - Active

Your Supplemental Retirement Plan(s)
Your supplemental retirement plans(s) directly. By clicking the links(s) below, you will be automatically logged into your supplemental retirement account.

• Deferred Compensation Program (DCP)
Earliest – 30 days after last pay check
Latest – by **April 1** after you reach 70 ½

Required Minimum Distribution Payment - RMD

*It’s an IRS requirement!

Same for DCP*
Distribution – How?

- **Lump Sum**
- **Partial Lump Sum** (Followed by Installments)
- **Rollover**

**DCP**
- Roll In
- Roll Out
  - Fixed Income Options

**Plan 3**
- Roll Out Only
Distribution – How?

- Lump Sum
- Partial Lump Sum (Followed by Installments)
- Rollover
- Installments
- Specific Time Period
  Personalized Payment Plan
- Annuity
**Distribution – How?**

**DCP**
- Met Life
- Call for quote

**Plan 3**
- TAP Annuity
- Self-directed

Annuity
Distribution – How?

- Lump Sum
- Partial Lump Sum (Followed by Installments)
- Rollover
- Installments
- Specific Time Period
- Personalized Payment Plan
- Annuity
- Flexible Withdrawal

Any Amount Any Time!
Can I change or stop my payments?

- Change payment amount any time.
  - 70½ - meet RMD.
- Cancel payment anytime
  - if under 70 ½
Will DC or DCP payments impact my pension or Social Security payments?

No
What about taxes?

<table>
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<tr>
<th>Distribution Period</th>
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<td>10 years or more</td>
<td>W4-P (married 3 if no W4-P)</td>
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<tr>
<td>RMD</td>
<td>W4-P or 10%</td>
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Same for DCP*
Engaging Employees – The Life Chart

- Get my job
- I'm eligible for a pension and get one!
- Get hitched
- Have a baby
- Get divorced
- Start thinking more about retirement
- Change jobs and consolidate my pension plans
- Take a leave
- Spouse has critical illness
- New partner
- Estate planning
- Disability leave
- Planning to retire
- Retired and work again

I'm eligible for a pension and get one!
Welcome Information displayed is as of Monday, January 27, 2014. If this is not your account, you may have the incorrect User Name or Password.

Member Information
Address:
Email:

Your Retirement
Select a system and plan:
• Public Employee

Your Supplemental
Access your supplemental retirement account:
• Deferred Compensation

Contact DRS for an estimate
800-547-6657

Washington State Department of Retirement Systems
Proof of Age

Beneficiary Updates

Address Updates

Spousal Consent
When Can I Expect My Defined Benefit?

2015 July

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How Do I Obtain My Defined Contribution?

ICMA-RC Client Services
1-888-711-8773
Engaging Employees – The Life Chart

1. Get my job
2. I'm eligible for a pension and get one!
3. Get hitched
4. Have a baby
5. Get divorced
6. Start thinking more about retirement
7. Take a leave
8. Disability leave
9. Spouse has critical illness
10. New partner
11. Change jobs and consolidate my pension plans
12. Estate planning
13. Retired and work again
14. Planning to retire
15. I'm eligible for a pension and get one!
Working After Retirement

- Non-Covered Public Employer
- Private Employer
- Another State or Country

No Impact
Returning to a DRS or HERP Eligible Employer
Returning to a DRS or HERP covered position?

Back to Work!

Time Line

Submit Retirement Application

Application Effective

30 calendar days later
Returning to a DRS or HERP covered position?

After effective retirement date

Within first 30 calendar days

5.5% benefit reduction for every

- 7 hours worked (TRS)
- 8 hours worked (PERS, SERS)
Returning to a DRS or HERP covered position?

Time Line

Submit Retirement Application

Application Effective

30 calendar days later

Back to Work!
Returning to a DRS or HERP covered position?

**After effective retirement date**

- Work 867 hours — **no impact**
- Over 867 hours — **benefit suspended**
  - January 1\(^{st}\) or
  - Termination

**After first 30 calendar days**
## Early Retirement Factors
### Plans 2 & 3

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<th>Age at Retirement</th>
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Anything Else?
### Washington State's Deferred Compensation Program (DCP)

**Presenter:** Stacy Rundle

A DRS-administered supplemental retirement savings program. This presentation will cover such topics as plan features, fund options, account access and eligible distributions.

**Session Materials:**
- Seminar Workbook

### Teachers' Retirement System Plan 1 (TRS 1)

**Presenter:** Jeff Dixon-Ross

A general overview of TRS Plan 1. Topics covered include:
- Benefit calculations, service credit, eligibility requirements, retirement rules, online account access, as well as several options available to members at the time of retirement.

**Session Materials:**
- TRS 1 Handout

### Public Employee's Retirement System Plan 1 (PERS 1)

**Presenter:** Jeff Dixon-Ross

A general overview of PERS Plan 1. Topics covered include:
- Benefit calculations, service credit, eligibility requirements, retirement rules, online account access, as well as several options available to members at the time of retirement.

**Session Materials:**
- PERS 1 Handout

### Plan 2 Members

**Presenter:** Jim Mendoza

Plan 2 is a 401(k) defined contribution plan. This plan allows members to save pre-tax dollars in an individual retirement account. You can choose from various investment options. This presentation will provide an overview of the plan and how participants can make decisions on their retirement savings.

**Session Materials:**
- Plan 2 Handout

### DRS Social Security & Healthcare Options

**Presenter:** Jim Mendoza

You have lots of important choices to make with respect to your Social Security benefits and your health care options. This video is designed to provide you with an overview of these benefits. You are encouraged to visit the websites that are referenced in the presentation.

**Session Materials:**
- Seminar Workbook
- What You Can Do Online
- Health Insurance Benefits

### VEBA Session

**Presenter:** Tia Gilroy

A Health Reimbursement Arrangement (HRA) for governmental employees in Washington. This purpose of an HRA is to provide eligible retirees with a tax-free source of funds to reimburse qualified out-of-pocket health care expenses and premiums. This presentation will provide an overview of the VEBA Plan and the HRA VEBA Plan.
Thank You for your participation