



Washington State Law Enforcement Officers' and Fire Fighters' Retirement System – Plan 2

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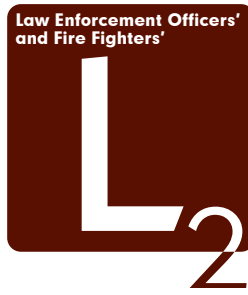
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Facts in a Flash

Plan Summary



LEOFF Plan 2 is a defined benefit plan. When you meet plan requirements and retire, you are guaranteed a monthly benefit for the rest of your life.

Your retirement benefit will be based on your years of service (while a member of LEOFF Plan 2) and your compensation. This formula will be used to calculate your monthly retirement benefit:

$2\% \times \text{service credit years} \times \text{final average salary} = \text{monthly benefit}$

You and your employer and the state each contribute a percentage of your salary or wages to help fund the plan. The LEOFF Plan 2 Retirement Board adopts contribution rates and periodically adjusts them to reflect the overall cost of the plan.

You are vested in the plan when you have five years of service credit. Once you are vested, you have earned the right to a future retirement benefit. If you leave your job and withdraw your contributions, however, you give up your right to a benefit.

You are eligible to retire with a full benefit at age 53 if you have at least five years of service credit. You can retire with a **reduced benefit** as early as age 50 if you have at least 20 service credit years.

State-registered domestic partners have the same survivor and death benefits as married spouses. However, on June 30, 2014, the definition of "domestic partner" is changing:

- Only partnerships where at least one member is 62 or older will continue to qualify as domestic partnerships.
- Same-sex partnerships where both parties are younger than 62 will convert into marriages unless the partnership is dissolved or the partners marry before June 30, 2014.

Civil Marriage law entitles same-sex couples to marry and entitles all spouses, (regardless of gender) to equal rights in LEOFF Plan 2. Same-sex marriages are not recognized in federal law, so there may be differences in how taxes are handled at the federal level.

If the unexpected happens – disability or death before retirement – benefits may be available. You may be eligible for benefits if you become disabled and are not able to work in your LEOFF position.

If you die before retirement, your survivor may be eligible to receive a benefit based on your years of service credit. There are additional benefits available if you die in the line of duty.

You can use our online account services to keep up to date on your retirement plan. Track your contributions and service credit; read the latest newsletter; or use your individual data to estimate your retirement benefit under different scenarios. You'll find online services on the DRS home page at www.drs.wa.gov.

How to contact the Washington State Department of Retirement Systems

The Department of Retirement Systems (DRS) administers the Law Enforcement Officers' and Fire Fighters' Retirement System and the Deferred Compensation Program (DCP).

Call us:

Olympia 360-664-7000
Toll free..... 800-547-6657
TTY 360-586-5450
Toll-free TTY 866-377-8895
DCP 888-327-5596
DCP TTY..... 800-766-4962

Write to us:

Department of Retirement Systems
PO Box 48380
Olympia, WA 98504-8380

Email us:

recep@drs.wa.gov

It may be possible for other people to read messages sent over the Internet. If you contact us by email, please include only the last four digits of your Social Security number.

Visit us:

6835 Capitol Blvd.
Tumwater, WA 98501

Directions are available on our website.

Hours:

Monday - Friday, 8 a.m. to 5 p.m. PST

Website:

www.drs.wa.gov

Glossary:

Terms highlighted in **bold** print appear in the Glossary of Terms on page 14.

Privacy of your information

We are committed to protecting the privacy of your personal account information, including your Social Security number, which we use to track your account and submit required reports to the IRS. We will not disclose your information to anyone unless we are required to do so by law.

If you have insurance coverage through the Washington State Public Employees Benefits Board (PEBB), we may share your information with PEBB to better serve you.

This handbook is a summary

It is not a complete description of your retirement benefits under Plan 2 of the Washington State Law Enforcement Officers' and Fire Fighters' Retirement System. State retirement laws govern your benefits. If there are any conflicts between the information shown in this handbook and what is contained in current law, the law will govern.



Welcome to the Law Enforcement Officers' and Fire Fighters' Retirement System

How Your Plan Works

Overview

LEOFF Plan 2 is a 401(a) **defined benefit** plan. When you retire, you will receive a monthly benefit for the rest of your life that is based on your years of public service and your **final average salary**. While the contributions you make help to fund the plan overall, they do not factor into the retirement benefit you receive.

Eligibility for LEOFF Plan 2

You are eligible for LEOFF Plan 2 membership if you were hired on or after October 1, 1977 as a full-time, fully compensated and fully commissioned law enforcement officer or fire fighter.

Law enforcement officers

A law enforcement officer is someone who works for a LEOFF employer and is fully commissioned and empowered to enforce the laws of the state of Washington. These positions include:

- County and deputy sheriffs;
- Police chiefs;
- City police officers (if appointed to offices, positions or ranks that were specifically designated by city charter provision or ordinance);
- Town marshals and deputy marshals;
- General authority law enforcement officers employed by a state university or port district; and
- Directors of public safety and public safety officers (if employed by cities or towns with populations less than 10,000).

The following positions are excluded from LEOFF membership:

- Non-commissioned people in positions that are primarily clerical or secretarial;
- Deputy sheriffs who have not passed a civil service exam; and

- Directors of public safety or public safety officers in cities or towns with populations of less than 10,000, if they were receiving a LEOFF retirement allowance on July 25, 1993.

Fire fighters

A fire fighter is someone who has the legal authority and primary responsibility to direct or perform fire protection activities (preventing, controlling and extinguishing fires). Secondary fire protection activities may include incidental functions such as housekeeping, equipment maintenance, grounds maintenance, fire safety inspections, lecturing, performing community fire drills and inspecting homes and schools for fire hazards. Supervisory fire fighter personnel meet the criteria of a fire fighter.

The following positions are excluded from LEOFF membership:

- Fire fighters who have not completed a civil service exam (if the employer requires it); and
- Volunteer or resident volunteer fire fighters.

Membership in LEOFF may be optional for some elected or appointed officials. Please contact DRS if you are elected or appointed to the Legislature or other state elective office.

Previous membership in another Washington public service retirement system

Membership in another of Washington's public service retirement systems (including the city retirement systems of Seattle, Tacoma or Spokane) can affect your:

- Eligibility for LEOFF Plan 2 membership;
- Eligibility to retire; and
- Benefit calculation.

If you have ever been a member in another of Washington's public service plans, it is important to tell your LEOFF employer.

Contributing to the plan

You are required to contribute a percentage of your basic salary to your retirement plan. This includes overtime and tax-deferred wages, but does not include lump sum payments for unused sick leave, vacation or annual leave or any form of severance pay. If you have questions about the compensation your employer reports for you, please contact your employer.

The state's contributions and your employer's contributions are also based on a percentage of your salary or wages. They are not matching funds and you cannot withdraw them if you leave public service.

When you retire, the monthly benefit you receive will have been funded over time by contributions made by you, your employer and the state and the investment earnings from those contributions. Contributions are held in trust and invested by the Washington State Investment Board. The LEOFF Plan 2 Retirement Board adopts contribution rates and periodically adjusts them to reflect the overall cost of the plan.

Federal law limits the amount of compensation you can pay retirement system contributions on and that can be used in your benefit calculation. In 2011 that limit is \$245,000, but the amount can be adjusted each year. If you were to reach the limit in any calendar year, you wouldn't pay contributions for the remainder of the year and any salary earned over that amount would not be used in your pension calculation.

Earning service credit

Service credit is based on the number of hours you work, which your employer reports to DRS. You receive one service credit month for each calendar month in which you are compensated for 90 or more hours of work. No more than one month of service credit can be earned for each calendar month, even if more than one employer is reporting hours that you worked.

You receive one half of a service credit if you work fewer than 90, but at least 70 hours. You receive one quarter of a service credit for any calendar month in which you receive compensation for fewer than 70 hours in a calendar month.

When you retire, your service credit will be a part of your retirement benefit calculation.

Designating your beneficiary

Your *Beneficiary Designation* form tells DRS whom you wish to receive benefits upon your death. If you do not complete and submit this form, any benefits due will be paid to your surviving spouse, partner or minor child. If you do not have a surviving spouse, partner or minor child, we will pay your estate.

Be sure to review your **beneficiary** designation periodically and submit a new form to DRS if you need to make a change or confirm your choices. If you marry, divorce or have another significant change in your life, be sure to update your beneficiary designation as these life events may invalidate your previous choices.

Beginning January 1, 2014, state-registered domestic partners will have the same survivor and death benefits as married spouses. On June 30, 2014, the definition of "domestic partner" is changing:

- Only partnerships where at least one member is 62 or older will continue to qualify as domestic partnerships.
- Same-sex partnerships where both parties are younger than 62 will convert into marriages unless the partnership is dissolved or the partners marry before June 30, 2014.

Please contact the Secretary of State's office if you have questions about domestic partnerships.

When you will be vested

Once you have five or more years of service credit in LEOFF, you have a **vested** right to a retirement benefit.

If you leave LEOFF employment before you're eligible to retire, you can choose to either leave your contributions in the plan, where they will continue to earn interest, or you can withdraw your contributions. If you have 10 or more years of LEOFF service credit, you may withdraw 150 percent of your accumulated contributions.

Should you decide to withdraw your contributions, you give up your right to a future retirement benefit. See "Returning to public service" on page 7 to learn more about the ability to re-establish your benefit rights under certain circumstances.



When you will be eligible to retire

You are eligible to retire at age 53 if you have at least five years of service credit.

There are options to retire earlier, but your benefit will be reduced to reflect the fact that you will be receiving it over a longer period of time. To retire early, you must be at least 50 and have 20 or more years of service credit.

If you have at least 20 years of **service credit** and leave LEOFF-covered employment before age 53, you don't have to retire immediately. You can wait until age 53 to retire. If you do, your benefit will increase by approximately 3 percent per year from the date you leave LEOFF-covered employment until the date you reach age 53.

How your retirement benefit will be calculated

Your benefit is determined by your service credit years and compensation. When you retire, this formula will be used to calculate your benefit:

$$2\% \times \text{service credit years} \times \text{final average salary} = \text{monthly benefit}$$

Final average salary is the average of your 60 consecutive highest paid service credit months. Any severance pay, or lump sum payment for unused sick leave or vacation/annual leave, is not included.

HERE'S AN EXAMPLE:

Suppose you retire at age 53 with 20 years of service credit and a monthly final average salary of \$8,000. Your retirement benefit would be \$3,200 each month, calculated as follows:

$$2\% \times 20 \times \$8,000 = \$3,200$$

Planning for retirement

Though retirement may seem far away at the moment, planning for it now is one of the best things you can do for yourself and your family. Your retirement benefit will be an important part of your income in retirement, but it is just a portion of what you will need.

How do you begin developing your personal plan for retirement? First, estimate how much money you will need. That can vary, based on factors that include:

- The lifestyle you'll want to lead when you retire;
- Your health;
- Whether you'll carry any debt into retirement; and
- Your life expectancy.

Next, estimate how much money you will receive from all sources (consider Social Security, personal savings, other employer pension plans, etc). When you compare this number with what you think you will need, then you can adjust your savings plan accordingly.

There are a number of different tools that can help you with this. A few that are available on the DRS website include:

- The benefit estimator within our online account services will calculate your retirement benefit under a variety of different scenarios (for example, different retirement dates), using your actual account data. Choose "**Log in**" on our website home page. If you haven't already registered for this service, it takes just a few minutes to do so.
- The Deferred Compensation Program (DCP) offers an online calculator (also accessible from our website home page) that can estimate your DCP savings and analyze whether you are on schedule to meet your income needs. Another calculator shows the effects of different DCP deferral amounts on your take home pay.

Be sure to revisit your plan and adjust for changes in your professional and personal life that will happen over time.

Milestones/Life Changes

Becoming vested

When you have earned five or more years of service credit in LEOFF, you have a **vested** right to a retirement benefit. This is a significant milestone in your public service career.

Leaving public service

Should you leave LEOFF employment, you can choose to either leave your contributions in the

plan until you're eligible to retire or withdraw them. The IRS requires that you begin taking payment of your retirement benefit when you reach age 70½ unless you are still employed in a LEOFF position.

Leaving your LEOFF position is the only circumstance under which you can withdraw your contributions. If you do, you will cancel any rights and benefits you have accrued in LEOFF. If you have 10 or more years of LEOFF **service credit**, you may withdraw 150 percent of your accumulated contributions.

There are also tax implications to withdrawing your contributions, so you may want to contact the IRS or your tax advisor before making a decision. The *Withdrawal of Retirement Contributions* publication contains more detailed information.

You are not required to withdraw your contributions when you leave covered employment. If you leave your contributions with LEOFF, your funds will continue to accrue interest and your service credit will be preserved for you in the event you return to employment as a law enforcement officer or fire fighter.

Be sure to keep us updated on any changes in your name, address or **beneficiary**. The *Beneficiary Designation* form you complete and submit tells DRS who you would like to receive benefits upon your death. It's very important that you keep your beneficiary designation current as it may be invalidated by a divorce, marriage or other circumstances.

Returning to public service

If you leave your position, withdraw your contributions, and later return to LEOFF employment, you may be able to restore your previous service credit. To do so, you must repay the total amount of the contributions you withdrew, plus interest, within five years of returning to employment or before you retire, whichever comes first. Contact us to determine how much you owe.

A **dual member** (one who belongs to more than one retirement system) may be able to restore service credit earned in a retirement system other than LEOFF. The deadline is within two years of becoming a dual member or before retirement, whichever comes first.

It may still be possible to purchase service credit after the deadline has passed; however, the cost is considerably higher. You can learn more by reading *Plan 2 Recovery of Withdrawn or Optional Service Credit*. You may also find helpful information in *What is Dual Membership and How Does it Affect Me?*

Employment with another covered employer

If your next job is in a LEOFF position, your membership will continue. Your employer will ask you to fill out a new enrollment form.

Marriage or Divorce

Marrying or divorcing can affect your retirement benefits.

Court-ordered property division

Your benefit may be affected by a court-ordered property division. As long as the order complies with the applicable laws, we will pay retirement benefits according to the property division.

An ex-spouse may have a right to a portion of your benefits under certain circumstances. The DRS publication *How Can a Property Division Affect My Retirement Account?* contains detailed information.

Updating your beneficiary

The *Beneficiary Designation* form you complete and submit tells DRS whom you would like to receive benefits upon your death. If you marry or divorce before you retire, you need to fill out a new beneficiary form, even if your beneficiary remains the same. It's very important that you keep your beneficiary designation up-to-date.

When the unexpected happens

Temporary leave from your job

You may need to take a temporary leave from your job because of:

- Military service;
- An authorized leave of absence; or
- A temporary disability.

If so, you may be able to obtain **service credit** for work time missed while you were on leave.

Service credit for military service

If you left your position for uniformed military service, you may be eligible to receive service credit for that period of military service. To qualify, you must complete payment of the contribution within five years of returning to employment or before you retire, whichever comes first. Contributions may not be required if your military service occurred during certain periods of war.

Should you become totally incapacitated as a result of serving in the United States military, you (or in the case of your death, your surviving spouse, partner or children) can apply for military service credit without your return to employment.

Read our *Military Service Credit* publication for more information.

Service credit for an unpaid authorized leave of absence

You can earn a maximum of two service credit years if your employer approved you for an unpaid leave of absence at any time during your career. To qualify for this service credit, you must:

- Return to work in a LEOFF-eligible position; and
- Pay member, employer and state contributions, plus interest, for the period of time you were on leave.

You must complete payment within five years of returning to employment or before you retire, whichever comes first. You can learn more by reading *Plan 2 Recovery of Withdrawn or Optional Service Credit*.

If you're a law enforcement member and your employer authorizes a part-time leave of absence, you can purchase part-time service credit when you return to full-time employment.

Disability before retirement

In some cases you can obtain service credit for work time missed while you were on leave for a temporary disability.

If you become totally incapacitated and leave your job as a result, you may be eligible for a disability retirement benefit. There are three types of

disability retirement, each with their own eligibility requirements. The three types are:

- Non-duty disability;
- Duty disability; and
- Catastrophic duty disability.

DRS determines your eligibility for disability retirement based on your application and medical documentation. To learn more, please refer to the *LEOFF Plan 2 Disability Benefits* publication or call us for information.

Death before retirement

With less than 10 years of service credit and not eligible for retirement

Your accumulated contributions, plus interest, will be paid to your beneficiary. If you do not have a living beneficiary, your contributions are paid to your spouse or partner, (or if none, your estate).

With 10 or more years of service credit or eligible to retire

Your spouse or partner (or if none, the guardian of your minor children) can choose to receive either a lump sum payment of 150 percent of your contributions, plus interest, or a monthly benefit. If you do not have a surviving spouse, partner or minor children, your contributions, plus interest, will be paid to your beneficiary or estate.

The monthly benefit will be calculated as if you had retired and chosen a 100 percent survivor benefit (see Option 2 on page 11 in the "Ready to Retire" section of this handbook). Should your spouse or partner die while receiving the benefit, your minor children will continue to receive the benefit that was being paid to your **survivor**. The benefit will be divided equally among the children and paid until they turn 18.

If you die in the line of duty

If the Department of Labor and Industries determines that your death occurred from injuries in the course of employment or as a result of an occupational disease or infection that arose from your employment, your beneficiary will be entitled to a one-time duty-related death benefit.

In addition (and regardless of your years of **service credit**), your surviving spouse, partner or if none, the guardian of your minor children will be eligible to choose either:

- A lump sum payment of 150 percent of your contributions; or
- A monthly benefit equal to 10 percent of your FAS, plus two percent of your FAS for each year of service beyond five years. This monthly benefit is not reduced for a **survivor** option and is not taxable.

Your survivors are also entitled to free health care benefits through the Public Employees Benefits Board (PEBB). Health care is paid for your survivor's lifetime and for your children until they are no longer eligible under PEBB rules.

Retirement planning checkup

This is a good time to check in on your retirement planning. Have you analyzed how much you will need and how much you will have in retirement? Has anything in your plan changed? Have you joined the state's Deferred Compensation Program (DCP) or another supplemental savings program?

Things to consider:

- **Identifying your retirement lifestyle goals.** Will you want to travel the world or stay close to home? Different lifestyle choices can mean different financial goals.
- **Taking care of your health.** The cost of medical care can be one of the largest expenses you incur in retirement. Getting regular checkups now and maintaining a healthy lifestyle can have an impact on what those costs will be when you retire.
- **Paying down debt.** Debt lessens the money you have available to save. Paying off debt while you're still generating a paycheck will affect how much you have to save and give you greater flexibility in retirement.
- **Signing up for DCP or another similar savings vehicle.** You can get started with DCP by deferring as little as \$30 a month from your paycheck, and you can increase that amount whenever you are ready.

- **Or...increasing your contribution to DCP or another savings vehicle.** Making even a small adjustment in the amount you save each month can make a big difference over the long run. Use the calculator on the DCP website to see the impact of different contribution amounts. Here's an important tip: If you're age 50 or over, the IRS allows you to save even more in your DCP account by providing a higher contribution limit.

Approaching retirement

There are several important things to think about as you approach retirement, including:

- Do you know how much income you will need in retirement?
- Do you know what your retirement benefit will be?
- How will your benefit change if you work past 53 or you decide to retire early?
- Will you want to increase your benefit by purchasing additional service credit?
- What other income will you have available to you in retirement?

In this section, we've included information to help you find the answers. If you haven't already signed up for online account access on the DRS website, you'll want to do so at www.drs.wa.gov. With this access, you can calculate your benefit under different scenarios, using your individual account information.

Service retirement

You are eligible to retire at age 53 if you have at least five service credit years. This formula will be used to calculate your monthly benefit:

$$2\% \times \text{service credit years} \times \text{final average salary} = \text{monthly benefit}$$

Final average salary is the average of your 60 consecutive highest paid service credit months. Any severance pay, or lump sum payment for unused sick leave or vacation/annual leave, is not included.

HERE'S AN EXAMPLE:



Suppose you retire at age 53 with 20 years of **service credit** and a monthly **final average salary** of \$8,000. Your retirement benefit would be \$3,200 each month, calculated as follows:

$$2\% \times 20 \times \$8,000 = \$3,200$$

If your monthly benefit is less than \$50, you can choose to take a lump sum retirement benefit. (It's likely that only a member who retires with few service credit years or as a **dual member** would receive this type of payment.) If you receive a lump sum payment, you are considered retired from LEOFF.

Early retirement

If you have at least 20 service credit years, you can retire at or after age 50 with a **reduced benefit**. The reduction is 3 percent for every year before age 53.

Age at Retirement	Percentage of Option 1 Benefit
50	91%
51	94%
52	97%
53	100%

Retiring as a dual member

If you are a member of more than one Washington State retirement system, you are a dual member. You may combine service credit earned in all dual member systems for the purpose of becoming eligible for retirement.

In most cases, your retirement benefit will be based on the highest base salary you earned, regardless of which system you earned it in. Base salary includes your wages and overtime and can include other cash payments if those payments are included as base salary in all of the retirement systems you are retiring from.

HERE'S AN EXAMPLE:

Suppose you retire at age 53 with three years of service credit from LEOFF Plan 2 and four from the Public Employees' Retirement System (PERS) Plan 2. Without dual membership, your service would be too short in either system for a retirement benefit. With dual membership, you can combine the service credit, giving you enough to retire, but your benefit from each system will be calculated with service from that system alone. This is how your benefit would be calculated:

$$2\% \times 3 \text{ (LEOFF service credit years)} \times \text{final average salary} = \text{LEOFF benefit}$$

$$2\% \times 4 \text{ (PERS service credit years)} \times \text{average final compensation} = \text{PERS benefit}$$

$$\text{LEOFF benefit} + \text{PERS benefit} = \text{total monthly benefit}$$

For more information, read the publication *What is Dual Membership and How Does it Affect Me?*

Estimating your benefit

If you expect to retire within the next two years, be sure to contact us to request a written estimate of your benefit. Remember, you can also use online account access to estimate your benefit at different retirement dates. If you're within one year of retirement, contact us for an application packet.

Purchasing additional service credit

At the time you retire, you may purchase additional service credit. Any credit you purchase will not be used to qualify you for retirement, but will be used to increase your monthly benefit. We can provide you with estimates for the cost of purchasing the service credit and the increase it can make in your benefit. If you choose to purchase, a *Request to Purchase Additional Retirement Service Credit* form must be submitted to us at the same time you submit your retirement application.

For more information, read the *Purchasing Additional Service Credit* publication.

Updating your plan for retirement

Has anything changed with your retirement planning? Perhaps you want to work longer or retire earlier than you previously thought? Be sure to adjust your planning.

If you are within five years of retirement, you'll want to attend one of DRS' retirement planning seminars. At a seminar, you'll hear from a variety of speakers and gain valuable tips on preparing for retirement. Check our schedule and sign up online.

Ready to Retire

Applying for retirement

When you are ready to begin the process, request a retirement application from us. Be sure to submit the completed application with all required signatures and documentation, including proof of age for you and your **survivor** if you choose one of the options with a survivor benefit.

Remember – if you're purchasing **service credit**, you'll need to complete and turn in your purchase form with your retirement application.

Your benefit options

When you apply for retirement, you will choose one of the four benefit options shown below. Once you retire, you can only change your option in very limited specific circumstances, so please select carefully.

Option 1 Single life

This option pays the highest monthly amount of the four choices, but pays it for your lifetime only. No one will receive ongoing benefits after you die. If you die before the benefits you have received equal your contributions, plus interest (as of the date of your retirement), the difference will be paid in a lump sum to your designated **beneficiary**.

Option 2 Joint and 100 percent survivor

Your monthly benefit under this option is less than in Option 1, but after your death, your survivor will receive the same benefit you were receiving, for his or her lifetime.

Option 3 Joint and 50 percent survivor

This option has less of a reduction to your monthly benefit than Option 2. Your survivor will receive half of the benefit you were receiving, for his or her lifetime.

Option 4 Joint and 66.67 percent survivor

This option has less of a reduction to your benefit than Option 2 and more of a reduction than Option 3. Your survivor will receive 66.67 percent (or roughly two-thirds) of the benefit you were receiving, for his or her lifetime.

Your spouse or partner must consent to your choice of option

If you are married or in a domestic partnership, the law requires that your spouse or partner consent in writing to the option you choose. If your spouse's or partner's consent is not provided, an Option 3 benefit will be paid to you, with your spouse or partner designated to receive the survivor benefit.

Health insurance coverage

Ask your employer if you will be eligible for health insurance coverage through the Public Employees Benefits Board (PEBB) once you retire. You can also call the Health Care Authority at 800-200-1004 or visit their website at www.hca.wa.gov.

If you qualify for continuing coverage, you must meet strict timelines to apply or request a deferral.



Federal benefit limit

When you retire, your benefit may be limited if it exceeds the federally allowed amount. For 2011 the limit is \$195,000, but it may be adjusted annually for inflation. Few retirement system members should be impacted by this limit, but if you believe it may impact you please call us for additional information.

Federal tax on your retirement benefit

Most, if not all, of your benefit will be subject to federal income tax. The only exception will be any portion that was taxed before it was contributed. When you retire, we will let you know if any portion of your contributions has already been taxed.

Since most public employers deduct contributions before taxes, it's likely that your entire retirement benefit will be taxable.

At retirement, you must complete and submit a federal W-4P form to let us know how much of your benefit should be withheld for taxes. If you do not, IRS rules require withholding as if you are married and claiming three exemptions. You can adjust your withholding amount at any time during retirement by completing a new W-4P form.

For each tax year you are in receipt of a retirement benefit, we will provide you with a 1099-R form to use in preparing your tax return. These forms are usually mailed at the end of January for the previous year. The information is also available online under myDRS beginning in the middle of January.

It is your responsibility to declare the proper amount of taxable income on your income tax return.

Legal actions

In general, retirement benefits are not subject to assignment or attachment. They may, however, be subject to court and administrative orders issued under federal law or for spousal maintenance, property division and child support.

You can find more information in the publication *Can Legal Action Affect My Retirement Account?*

When and how your benefit will be paid

After you retire, your retirement benefit will be paid at the end of each month and directly deposited in your bank or credit union account. You must complete the *Authorization for Direct Deposit* form as part of your retirement application.

If you need to change your financial institution once you've started your retirement, just complete a new authorization form and send it to us.

In rare cases, if you are unable to receive payment by direct deposit, payment will be mailed at the end of each month.

Once You Retire

Cost-of-Living Adjustment (COLA)

On July 1 of every year that follows your first full year of retirement, your monthly benefit will be adjusted to a maximum of three percent per year, as determined by the Consumer Price Index.

Working after retirement

To be covered under return to work rules, you must first retire by terminating all employment with your employer. This is called separating from service. Separating from service demonstrates that you've completed the necessary actions of leaving employment.

If you then decide to return to public service in Washington, your benefit may be affected, depending on the position you return to.

If you return to work in a position that is eligible for membership in the Washington State Public Employees' Retirement System (PERS), Public Safety Employees' Retirement System (PSERS), School Employees' Retirement System (SERS) or Teachers' Retirement System (TRS), you can choose to continue to receive your benefits or you can choose to become a member of that retirement system.

If you think you might be returning to work after retirement, please call us to see if your benefit will be affected. You'll also find helpful information in the publication *Thinking About Working After Retirement?*

Benefit overpayments or underpayments

If you ever receive an overpayment of your pension benefit, we will require you to repay it. If we determine there has been an underpayment, we will correct the error and pay you in full.

Changing a benefit option or survivor after you retire

Once you retire, you may only change your benefit option or **survivor** in the following circumstances:

- If you designated someone other than your spouse or partner to receive your survivor benefit, you can change to an Option 1 (no survivor) benefit at any time after retirement.
- If you chose one of the survivor options (2, 3 or 4), and you divorce your designated survivor or they die before you, your retirement benefit may be adjusted to the higher Option 1 payment level. Be sure to notify us to initiate this adjustment.
- If you retire under Option 1, then marry, remarry, or enter into a domestic partnership and remain married or in that partnership for at least one year, you may be able to change your benefit option and provide a survivor benefit for your new spouse or partner. To qualify for this opportunity, you must request the change between your first and second year of marriage. Please contact us for estimates on how this will affect your benefit. Also, be aware that this opportunity may not be available if your benefit has been impacted by a court-ordered property division.



Glossary of Terms

Beneficiary: The person, estate, organization or trust you have designated to receive any benefits that are payable upon your death.

Cost-of-living adjustment (COLA): On July 1 of every year that follows your first full year of retirement, your monthly benefit will be adjusted.

Defined benefit: A benefit that is based on a set formula. The benefit is paid for your lifetime.

Domestic partner: Qualified domestic partners have the same survivor and death benefits as married spouses, though there may be differences in how taxes are handled at the federal level. In a qualified domestic partnership both individuals have met the state's legal requirements and registered their partnership with the Secretary of State's office or another jurisdiction. Please contact the Secretary of State's office if you have questions about these requirements.

Dual member: An individual who has established membership in more than one of the state of Washington's retirement systems, including First Class City Retirement Systems for Seattle, Spokane and Tacoma.

Early retirement: Retirement before the age of 53 is considered early retirement.

Final average salary: The monthly average of your 60 consecutive highest-paid service credit months. Your final average salary is used in determining your retirement benefit.

Reduced benefit: A benefit that has been decreased by a factor provided by the Office of the State Actuary. Benefits are reduced in two situations: When you retire early; or you retire and select a survivor benefit option (which continues to pay a benefit to a survivor after your death).

Service credit: The credit you receive each month for working in a position covered by one of the state of Washington retirement systems. Service credit is used to determine your eligibility for retirement and your benefit amount.

Survivor: The individual you designated at retirement to receive benefit payments upon your death. Your survivor will receive payment if you die after retirement and selected a retirement option which provides for a survivor.

Vested: You have earned the right to receive a retirement benefit once you reach an eligible age.

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