

# PERS Plan 1 Handbook

Public Employees' Retirement System

making it easy to see your future

WASHINGTON STATE  
Department of Retirement Systems





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## PERS Plan 1 facts in a flash

**Retire online** Login or sign up for online access to your retirement account. Track your contributions and service credit; read the latest newsletter; use your individual data to estimate your retirement benefit; and when you're ready, apply for retirement. [Get started](#).

**Vesting** 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.

**Contribution rate** You are required to contribute 6 percent of your monthly salary. This rate is set by law and may only be changed by legislative action. See page 7.

**Contributions** Both you and your employer pay contributions that fund your retirement. Only your contributions are refundable if you leave PERS-covered employment. If you withdraw your contributions before retirement, you lose your right to future benefits. You cannot borrow from your contributions or withdraw contributions made by your employer.

### Eligible for retirement

#### Retiring from Active Status

You are eligible to retire if you meet any of the following. See page 11.

- Any age with 30 or more years of service credit
- Age 55 with 25 or more years of service credit
- Age 60 with 5 or more years of service credit

#### Retiring from Inactive Status

You are eligible to retire if you meet any of the following. See page 11.

- Age 65 with 5 or more years of service credit
- Age 60 or older, if you separated from service on or after January 1, 2002, were at least age 50 at separation, and have at least 20 years of service credit at separation
- Age 60 or older with 5 or more years of service credit, with a reduced benefit

**How service credit is accumulated** Service credit is based on hours worked during a calendar month. 70 hours = 1 service credit month. As of September 1, 1991, members who work less than 70 hours in a month receive one quarter of a service credit month. See page 7.

**Average Final Compensation (AFC)** Your average final compensation is the average of the your earnable compensation for the 24 consecutive highest-paid months. See page 12.

**Benefit formula**  $2\% \times \text{Service Credit Years} \times \text{AFC} = \text{Monthly Benefit}$ .

In most cases, your retirement benefit may not exceed 60 percent of your AFC. See page 12.

**Optional Cost-of-Living Adjustment (COLA)** When you apply for retirement, you can choose to receive the Optional COLA. See page 14.

**Disability retirement** Temporary and permanent disability retirement benefits are available. See page 14.

**Death in service survivor benefit** If you die with fewer than 10 years of service and you are not eligible to retire, your contributions plus interest are refunded to your beneficiary. If you die with ten or more years of service or you are eligible to retire, your beneficiary can choose between monthly payments or a lump sum refund of your contributions plus interest. See page 15.

## Contact the Department of Retirement Systems

<b>Call</b>  Olympia 360.664.7000 Toll free 800.547.6657 TTY 711 DCP 888.327.5596	<b>Write</b>  Department of Retirement Systems PO Box 48380 Olympia, WA 98504-8380	<b>Email</b>  <a href="mailto:recep@drs.wa.gov">recep@drs.wa.gov</a> It might 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.
<b>Visit</b>  6835 Capitol Blvd. Tumwater, WA 98501 <i>Directions are available on the DRS website.</i>	<b>Hours</b>  Monday - Friday 8 am to 5 pm PST	<b>Website</b>  <a href="http://www.drs.wa.gov">www.drs.wa.gov</a> You can also send us email through the DRS website. Visit the <i>Contact Us</i> page.

### Website Links

The links underlined throughout this booklet are active and clickable. Some will take you to different sections of this document. Other links will direct you to parts of the DRS website as well as external sites like the IRS.

### 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 1 of the Washington State Public Employees' Retirement System (PERS). 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.

This handbook explains your rights and benefits under PERS Plan 1. PERS is managed by the Department of Retirement Systems (DRS). The plan provides an important source of income that, along with Social Security benefits (if you are eligible), personal savings, and other investments, will help pay your living expenses when you retire.

### How your plan works

PERS Plan 1 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 average final compensation (AFC).

## Eligibility for PERS Plan 1

As a public employee, you are in Plan 1 if you became a PERS member at any time before October 1, 1977. If you terminate your employment and withdraw your contributions, Plan 1 will be the plan you join if you ever re-establish membership in PERS.

It is important that you tell your employer if you have any past membership, even if you withdrew your contributions.

For purposes of this plan, an eligible position normally requires at least 70 hours of compensated service per month during five months each year. Eligible positions also include appointed judicial positions that meet these eligibility requirements. For more information, see the [Judicial Benefit Multiplier \(JBM\) Program](#).

## Ineligible or optional membership

Some employees may satisfy the basic eligibility criteria for membership but be ineligible for other reasons. If you belong to one of the following job categories, contact PERS to determine your eligibility.

You may be ineligible for membership if:

- You are a member or retiree from another public retirement system in Washington;
- You signed a student waiver during employment at an institution of higher education or a community college;
- You work for an institution of higher education or community college and you belong to that institution's retirement plan;
- You are providing professional services to an employer on a fee, retainer or contract basis;
- You are an employee or elected or appointed official of a first-class city that has its own retirement system (Seattle, Spokane or Tacoma); or

- You are enrolled in a state-approved apprenticeship program, and are employed by a local government to earn hours to complete the apprenticeship program.

Membership may be optional for you if:

- You are an employee of the Legislature; or
- You are a current elected official or an official appointed by the Governor; or
- You are in an elected judicial position (for more information, see the [JBM Program](#); or
- You are the city manager or chief administrative officer of a city, county, public utility, or port district who serves at the pleasure of an appointing authority. (You must apply for membership within 30 days of being appointed to the position.)

For more information, see the [PERS Plan 1 Rules for State Elected Officials](#).

## How should I plan for retirement?

Planning for retirement is an ongoing process. We offer a [Retirement Planning Checklist](#) to assist you. Here are some simple things you can do to help plan for retirement:

- If you are within five years of retirement, we encourage you to attend one of DRS' retirement planning seminars. Seminars offer valuable tips on preparing for retirement. Check the [schedule](#), and sign up online. You also have the option of watching a [retirement planning seminar](#) online.
- Calculate your future retirement benefit using [Online Account Access](#). Here, you can run a variety of retirement scenarios to see what works best for you.
- If you were a member of Plan 1 in the past and you withdrew your contributions, view [Plan 1 Recovery of Withdrawn or Optional Service Credit](#) to review any rules that apply to you. You may be able to restore service credit by repaying the withdrawn contributions.

### Acronyms used on this page

**PERS** - Public Employees' Retirement System

**JBM** - Judicial Benefit Multiplier

**DRS** - Department of Retirement Systems

### What is DRS?

Department of Retirement Systems manages Washington state's public service retirement systems.

### What is PERS?

PERS or Public Employees' Retirement System is a 401 (a) defined benefit plan.

## Who pays for my benefits?

Your future benefits are funded by contributions made by you and your employer and the investment earnings from those contributions. Until you retire, these contributions are held in trust and invested by the Washington State Investment Board (WSIB).

### Your contributions

You are required to contribute 6 percent of your salary or wages to your retirement plan. This rate is set by law and may be changed as necessary to reflect the cost of the plan.

Earnable compensation is all salaries and wages paid by an employer to a member for services rendered. This includes:

- Pay for additional duties;
- Some forms of severance pay;
- Lump sum payments for accrued leave (except sick leave); and
- Tax-deferred wages, such as PERS contributions.

Contributions are required from all members working in eligible positions. If you are regularly employed, your contributions are deducted from your paycheck each pay period before federal income taxes are withheld. (Before September 1984, contributions were deducted after taxes.) Cash payments for unused sick leave are excluded from earnable compensation for employees of the state, higher education institutions and school districts.

### Employer contributions

Employer contributions are based on a percentage of your salary and are not matching. Employer contributions go toward future retirement benefits, are not credited to your account and cannot be withdrawn.

### Loans

Because the plan is designed to provide retirement income, you may not borrow from or against your contributions.

## What is service credit?

Service credit is an important factor in determining your retirement benefit. Service credit is based on how many paid hours are reported by your employer.

You earn one service credit month for every calendar month in which you are paid for 70 or more hours of employment. You may not earn more than one month's service credit in a month, even if you work more than 70 hours for each of two or more employers. Beginning September 1, 1991, if you are compensated for fewer than 70 hours in a month, you earn one quarter of a service credit month. Service credit years are calculated by dividing the total service credit months by 12.

**Example: Calculating service credit** Suppose you were hired September 1, 1975, and worked for a covered employer until March 16, 2002, and then you retired. In each month you were compensated for at least 70 hours.

Your service credit will be as follows:

Period	Months
September 1975 – December 1975	4
January 1976 – December 2001	312
January – March 2002	3
<b>Total</b>	<b>319</b>

319 months ÷ 12 months = 26.5833 years, or 26 years and 7 months of service credit.

#### Acronyms used on this page

**WSIB** - WA State Investment Board

**PERS** - Public Employees' Retirement System

#### How much do I contribute to my plan?

You contribute 6 percent of your salary or wages to your retirement plan.

#### Where is my benefit money held?

The Washington State Investment Board (WSIB) holds and invests your future benefits funded by you and your employer.

#### What is service credit?

Service credit is the number of days you work that are reported by your employer each year. This total makes up part of your retirement benefit calculation.

## School employees

If you are employed by a school district, educational service district, the State School for the Blind, the Washington School for the Deaf, or an institution of higher learning, you may receive 12 service credit months for the school year if you:

- Are employed in an eligible position; and
- Earn compensation during at least nine months of the school year; and
- Have at least 630 hours of compensated employment during the period September 1 through August 31.

## Service credit from another retirement system

You may be able to combine your PERS service credit with credit earned in other Washington State retirement systems to qualify for retirement. For more information, see “What if I’ve previously been a member of another retirement system?” on See page 10.

## Military service credit

You may be eligible to acquire service credit at no charge for up to five years of time spent in the military. To determine if you are eligible for interruptive or non-interruptive military service credit, contact DRS.

### Interruptive military service

Interruptive military service credit is available to those who interrupt their PERS service to serve in the U.S. military. You may receive credit for interruptive military service if you:

- Were on an authorized leave-of-absence from your employer to serve in one of the armed or uniformed services of the United States; and
- Return to work with a PERS-covered employer, within statutorily defined time limits.

Note: Effective July 24, 2005, a member who becomes totally incapacitated for continued employment as a result of service in the uniformed services of the United States, or the surviving spouse or eligible children of a member who dies while serving in the uniformed services of the United States, may apply for interruptive military service credit. Contact DRS for more information.

### Non-interruptive military service

Non-interruptive military service credit is available to those who served in the U.S. military before becoming PERS members. To receive credit for military service performed before becoming a member, you must:

- Have at least 25 years of PERS Plan 1 service; and
- Be a veteran as defined in the Revised Code of Washington (RCW).

If you think you meet these requirements, contact DRS to apply. You can also find more information about military service credit requirements by reading the [\*PERS 1 Interruptive Military Service Credit\*](#), or [\*PERS 1 Non-Interruptive Military Service Credit\*](#) publications.

### Temporary duty disability

You may be eligible to apply for up to 24 months of service credit while on leave for a disability that occurred in the line of duty. Your injury must have occurred on or after March 27, 1984, and you must be eligible to receive workers’ compensation benefits to qualify. For information on this subject, see [\*PERS Disability Benefits\*](#).

#### Acronyms used on this page

**PERS** - Public Employees’ Retirement System

**DRS** - Department of Retirement Systems

**RCW** - Revised Code of Washington

## What if I leave my PERS position?

Leaving your current PERS position before you retire will affect your benefits. The nature of the impact depends on your new employer and whether you withdraw your contributions from PERS.

### Withdrawing your contributions

If you leave PERS-covered employment, you may withdraw your contributions plus interest. A withdrawal before retirement cancels all service credit and rights to future benefits in PERS. You cannot borrow or withdraw contributions made by your employer.

Withdrawal forms are in the [Withdrawal of Retirement Contributions packet](#). Processing a withdrawal normally requires 60 to 90 days. You are not required to withdraw your contributions when you leave PERS-covered employment. If you leave your contributions in PERS, your funds will continue to accrue interest and your service credit will be preserved.

You are not eligible to receive a withdrawal if you resume employment with a PERS-covered employer before a benefit payment is made. If you do receive a withdrawal under these circumstances, you must return it to DRS immediately.

### How does withdrawing my contributions affect my taxes?

Under federal law, any lump-sum withdrawal of tax-deferred retirement funds is subject to a withholding tax of 20 percent. The 20 percent tax can be avoided only by a direct rollover of funds to a qualified tax-deferred retirement account. See [Withdrawal of Retirement Contributions](#) to find more about this requirement.

Federal tax law may require you to pay a ten-

percent penalty when you file your income tax. This penalty is in addition to regular income tax on the tax-deferred and interest portions of contributions that you withdraw before you reach age 59½. You may be able to avoid this tax penalty by rolling these funds into a qualified tax-deferred retirement account.

DRS is required to report all withdrawals to the Internal Revenue Service (IRS). It is your responsibility to account for the withdrawal on your tax return. For more information on how withdrawing your contributions will affect your taxes, contact the IRS or your tax advisor.

You may be required to begin receiving your untaxed benefit by April of the year following the year you reach age 70½. For additional information refer to [IRS Publication 575, Pensions and Annuity Income](#) on the IRS website.

### Leaving your contributions in the plan

You have the option of leaving your contributions in the plan until April 1 following the calendar year in which you reach age 70½ or retire, whichever is later. Your contributions earn 5.5 percent interest annually, compounded quarterly. If you leave your contributions in the plan and later return to a PERS-covered position, you retain service credit for the earlier service.

If you leave a PERS-covered position and leave your contributions in the plan, [keep DRS informed](#) of your current name, address and beneficiary.

#### Acronyms used on this page

**PERS** - Public Employees' Retirement System

**DRS** - Department of Retirement Systems

**IRS** - Internal Revenue Service

#### What if I leave my PERS-covered position?

Leaving before you retire will affect your benefit. The impact will depend on factors like your new employer and whether you withdraw your contributions.

#### Will withdrawing my contributions affect my taxes?

Any lump-sum withdrawal is subject to a withholding tax of 20 percent.

## Restoring credit for past service

### Restoring PERS service credit

To restore service credit for a period of employment where you withdrew your contributions, you must repay the total amount withdrawn, plus interest, within 60 service credit months of returning to a PERS-eligible position, or before you retire, whichever comes first. Payment must be completed by the deadline. It is still possible to restore PERS service credit after the 60 month deadline. However, the cost for purchasing the service credit increases.

You can learn more about restoration or purchase of service credit by reading [Plan 1 Recovery of Withdrawn or Optional Service Credit](#).

## What if I have been a member of another retirement system?

### Dual membership

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.

### Restorations for dual members

If you are a dual member and wish to restore service credit in a system other than PERS, you must repay the amount withdrawn plus interest within two years of becoming a dual member or before you retire, whichever comes first. To determine how much you owe to restore service credit, contact DRS.

To complete restoration under this provision, a lump sum payment must be made by the deadline.

For more information, read [What Is Dual Membership and How Does It Affect Me?](#)

## How do I retire?

### Becoming vested

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

### As you get closer to retirement

- If you expect to retire within one year, be sure to go to your online account to request an official estimate of your benefit and to check the accuracy of your service credit. You can also use the online benefit estimator to estimate your benefit at different retirement dates. If you've received an official estimate and are within one year of retirement, you can apply online. If you find information you think is incorrect, contact DRS.
- Evaluate the option to purchase additional service credit when you retire.
- Review options for health care coverage after retirement. Contact the Health Care Authority (HCA) at 800-200-1004 or visit the [HCA website](#) for more information.
- Consider catch-up options like the [Deferred Compensation Program \(DCP\)](#) or other employer-sponsored programs.

#### Acronyms used on this page

**PERS** - Public Employees' Retirement System  
**DRS** - Department of Retirement Systems

#### Can I restore credit for past service?

Yes, however you must repay the amount withdrawn plus interest.

#### What is dual membership?

If you are a member of more than one Washington State retirement system, you are a dual member.

#### What does vested mean?

You are vested when you have earned five or more years of service credit in PERS. Being vested means you have a right to a retirement benefit.

- Obtain a copy of [\*IRS Publication 575\*](#), Pension and Annuity Income.
- Contact the Social Security office periodically to review the accuracy of your file. The toll-free number for Social Security information is 800-772-1213. You can also obtain valuable information about Social Security and Medicare by visiting the [\*Social Security Administration website\*](#).

### Applying for retirement

Complete your retirement [\*online\*](#) or by mail. If you prefer to visit DRS to review your account information and retirement options, we can personally assist you. Please call for an appointment.

If you write to DRS for specific information about your pension account, be sure to provide the last four digits of your Social Security number and signature.

### Elected or appointed officials

Members who are elected or appointed to office in accordance with Articles II or III of the state Constitution receive an annual retirement benefit of three percent of their average final compensation for such service. For more information, see the [\*PERS Plan 1 Rules for State Elected Officials\*](#).

### Can I obtain a refund of contributions paid after 30 years of service?

If you have 30 service credit years, you can make a one-time, permanent election to participate in a program in which post 30-year contributions are refunded at retirement. Program participants earn 7.5 percent interest on their post 30-year contributions. If you participate in the program, your monthly retirement benefits will be based on earnings before your election date. Your election date is the first of the month following the date DRS receives your election form. Election to participate is permanent and must be made within six months after earning 30 service credit years.

Before your 30th service credit year, DRS will contact you with information to help you make an informed decision. To learn more about the Post 30-Year Program see [\*PERS Plan 1 Post 30-Year Program\*](#).

## Service retirement benefit

### Eligibility

You are eligible to retire if you:

- Have at least 30 service credit years regardless of age;
- Are at least age 55 and have at least 25 service credit years; or
- Are age 60 or older and have at least five service credit years.

If you stop working before retirement, you are eligible to retire at:

- Age 65 with five or more years of service credit, or
- Age 60 or older, if you separated from service on or after January 1, 2002, were at least age 50 at separation, and have at least 20 years of service credit at separation.

If you stop working before retirement, you are eligible to retire with a reduced benefit at age 60 with five or more years of service credit (your benefit will be reduced, based on life expectancy factors from the state actuary, for each year you are under age 65).

Note: You are considered inactive if you were not employed in the month immediately before your effective retirement date, or if you were on a leave-of-absence for more than 120 days prior to your retirement date.

#### Acronyms used on this page

**DRS** - Department of Retirement Systems

**HCA** - Health Care Authority

**DCP** - Deferred Compensation Program

**IRS** - Internal Revenue Service

**PERS** - Public Employees' Retirement System

#### Did you know you can apply for retirement online?

Use [\*Online Account Access\*](#) on the DRS website to create your account!

## Using leave to increase your benefit

If you cash out leave (annual, sick, etc.), you may be eligible to use all or part of the cashout value in your Average Final Compensation (AFC) calculation if it was earned during your highest-paid service credit months.

## School district employees

School district employees may use up to 45 days of accumulated sick leave to retire early. For example, if you have 45 days of sick leave and are age 60 or older, you may retire with at least four years and ten months of service credit. Cashed out sick leave may not be used for this purpose.

Sick leave cannot be used to meet the age requirement or as service credit in determining the amount of your retirement benefit. If you plan to use sick leave to advance your retirement date, contact DRS before separating from employment.

## Your retirement benefit

### Calculating your benefit

This formula calculates your monthly benefit:

$$2\% \times \text{Service Credit Years} \times \text{AFC}$$

AFC, or Average Final Compensation is the monthly average of your 24 consecutive highest-paid service credit months. Your benefit can be no higher than 60 percent of your AFC.

**Example: Benefit calculation** Suppose you retire at age 60 with 29.5 years of service credit and an average final compensation of \$2,500 per month. Your monthly retirement benefit will be \$1,475.00, calculated as follows:

$$2\% \times 29.5 \text{ years} \times \$2,500$$

$$2\% \times 29.5 \text{ years} = 0.59$$

$$0.59 \times \$2,500 = \$1,475.00$$

## Calculating benefits for dual members

The service retirement benefit for dual members is the sum of the benefits earned separately from each system. Dual members with a total of five or more service credit years from all eligible systems are entitled to a benefit from each system, even if there are less than five years of service credit in any of the systems.

In most cases, dual members will receive a benefit based on the highest base salary from any system, whichever produces the better benefit. Base salary can include overtime and other cash payments, if these payments can be used in all of the dual systems you are retiring from (excluding the Washington State Patrol Retirement System). For more information about base salary, see [\*What Is Dual Membership and How Does It Affect Me?\*](#)

**Example: Dual member benefits** Suppose you are 53 years old and have 26 years of service credit from PERS Plan 1 and four years of service credit from TRS Plan 1. Without dual membership, you are not eligible for a benefit from TRS and do not meet retirement eligibility in PERS. With dual membership, however, you are eligible to retire with 30 years of service credit.

You will receive a benefit from each plan, calculated according to the rules of each system as follows:

### PERS Plan 1

$$2\% \times 26 \text{ years of PERS service credit} \times \text{average final compensation} = \text{PERS benefit}$$

### TRS Plan 1

$$2\% \times 4 \text{ years of TRS service credit} \times \text{average final compensation} \div 12 \text{ months} = \text{TRS benefit}$$

### Acronyms used on this page

**AFC** - Average Final Compensation

**DRS** - Department of Retirement Systems

**PERS** - Public Employees' Retirement System

**TRS** - Teachers' Retirement System

### What is the formula to calculate my benefit?

$2\% \times \text{Service Credit Years (max 30)} \times \text{AFC}$   
(See 12)

## Maximum benefit

If you retire as a dual member, your total benefit cannot exceed the amount you would receive if all your service had been in a single system.

The maximum benefit limitation does not apply to a dual member with:

- Fewer than 15 years of service credit in a plan with a retirement benefit cap; and
- Service in a plan with no retirement cap.

## Ready to retire

### Applying for retirement

To apply online go to [www.drs.wa.gov](http://www.drs.wa.gov) and either sign up for or log in to your retirement account. The online retirement application will display only what you need based on your retirement system plan and retirement eligibility rules. Follow the step-by-step instructions and electronically submit the application to us when you're ready.

If you prefer to retire using a paper application, contact DRS for a PERS Plan 1 retirement packet.

### What are my benefit options?

When you retire, and select a benefit option, the law requires that you provide the written consent of your spouse or registered domestic partner. Consent must be provided on your retirement application and must be witnessed by a notary. If consent is not provided, the law requires that an Option 3 benefit be paid with your spouse as beneficiary.

### 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

Under this option, you receive a reduced benefit. If your beneficiary survives you, the amount remains the same and your beneficiary receives a monthly benefit for his or her lifetime.

### Option 3: Joint and 50 percent survivor

This option provides a reduced benefit, but the reduction is smaller than in Option 2. If your beneficiary survives you, 50 percent of your benefit is paid for his or her lifetime.

### Option 4: Joint and 66.67 percent survivor

You receive a reduced benefit, but the reduction is smaller than Option 2, and larger than Option 3. If your beneficiary survives you, 66.67 percent of your benefit is paid for his or her lifetime.

## Health care coverage

If you qualified for Public Employees Benefits Board (PEBB) health insurance coverage while employed, you must elect PEBB coverage within 60 days of separation from employment and immediately begin receiving a retirement benefit or a lump sum retirement payment.

All health care questions should be directed to the Health Care Authority (HCA) in the Olympia area at 360-412-4200 or 800-200-1004 outside Olympia. You may also visit the [HCA website](#).

#### Acronyms used on this page

**TRS** - Teachers' Retirement System

**PERS** - Public Employees' Retirement System

**DRS** - Department of Retirement Systems

**PEBB** - Public Employees Benefits Board

#### Do I have multiple options for my retirement benefit?

Yes, you can choose from several options to decide how your benefit will be paid and what percentage your beneficiary will receive upon your death.

## Purchasing additional service credit

At the time of your retirement, you may purchase additional service credit to increase your monthly benefit. You may purchase from 1 to 60 months in whole month increments. Purchased credit may not be used to qualify for retirement. Call DRS for a Request to Purchase Additional Service Credit form, or submit it with your online retirement application.

Your benefit increase is based on the number of months you purchase and your average final compensation (AFC). The formula used is:

$$\text{Months of Service Purchased} \div 12 \times 2\% \times \text{AFC} \\ = \text{Monthly Increase}$$

The cost to purchase additional service credit is determined by the annuity factor for your age at retirement and the monthly increase amount. The formula used is:

$$\text{Monthly Increase} \div \text{Annuity Factor} \\ = \text{Cost to Purchase}$$

For more information, review the DRS publication [Purchasing Additional Service Credit](#). You may also estimate the monthly increase and cost by using [Online Account Access](#).

## Benefit adjustment

When you apply for retirement you can choose to receive the Optional COLA. This COLA reduces your benefit initially, but provides you with an automatic annual adjustment based on the consumer price index, which can be positive or negative. The annual adjustment cannot increase or decrease your benefit by more than three percent of your previous year's benefit and it can never reduce your benefit to less than your original amount.

The Optional COLA selection is part of your retirement application. Once you submit your application, the choice is permanent. To see your benefit with and without the Optional COLA, try the Optional [COLA calculator](#).

## Other adjustments

There are several other COLAs that only apply to small groups of members. For more information, see the [COLA Frequently Asked Questions](#).

## Working after retirement

Your benefits may be affected if you work for a PERS-covered employer after retirement. Under state law, your employer is required to report your hours to DRS. [Thinking About Working After Retirement?](#) explains how your benefit may be affected.

## What if I become disabled?

If a disability totally incapacitates you and prevents you from working, you may be eligible for disability retirement benefits regardless of how the disability was incurred. You can learn more in the publication [PERS Plan 1 Disability Benefits](#).

Contact DRS if you become disabled and your disability appears terminal.

## Duty disability benefits

**Application deadline:** You must apply for a duty disability benefit within two years of the date the injury occurred; or, in the case of occupational disease, the claim must be filed within two years of when you separate from service with your employer.

**Eligibility:** You may be eligible for duty disability retirement benefits if you become permanently unable to perform the duties of your job, or any

### Acronyms used on this page

**HCA** - Health Care Authority  
**DRS** - Department of Retirement Systems  
**AFC** - Average Final Compensation  
**COLA** - Cost-of-Living Adjustments  
**PERS** - Public Employees' Retirement System

### Purchasing additional service credit:

When you retire, you can purchase up to 60 months of service credit to increase your monthly benefit. However, you cannot use the purchased credit to qualify for retirement.

### What if I become disabled?

PERS Plan 1 has two types of disability benefits: temporary and permanent. To be eligible for disability benefits, you must meet certain criteria (see the sections above).

other position for which you are qualified by experience or training, and the disability results from:

- A job-related accident suffered while performing your job duties; or
- An occupational disease for which you are eligible to receive benefits under Workers' Compensation (Title 51 RCW).

### Service credit for temporary disability

You have the option to apply for up to 24 months of service credit while on leave for a disability. To qualify:

- Your disability must have occurred in the line of duty; and
- You must have received your injury on or after March 27, 1984, and be eligible to receive Workers' Compensation benefits; and
- You must make retirement contributions on the compensation you would have earned had you been working. DRS charges interest if the payments are made retroactively.

For more information on how to apply for disability service credit, contact DRS.

### Non-duty disability benefits

You may be eligible for non-duty disability retirement benefits if:

- You have had at least five years of covered employment; and
- You leave covered employment as a result of the disability; and
- The disability totally and permanently prevents you from performing the duties of your position or any other position for which you are qualified by experience or training.

### Resumption of employment

If you resume gainful employment, you will need to provide DRS with the name of your employer and your monthly salary. Your disability benefits

may stop unless your total compensation (from employment and disability benefits) is less than your compensation at the time you became disabled. If this total is more, your benefits will be reduced so the total does not exceed the level of your pre-disability compensation, adjusted for inflation.

If you are a former member of SCERS, there may be other disability options available to you. For more information, contact DRS.

For more information about your disability benefits, see [\*PERS Plan 1 Disability Benefits\*](#).

## Survivor benefits

### If you die after retirement

If you die after you begin a service or disability retirement, your survivors receive benefits according to the retirement option you chose.

### If you die before retirement

If you die while employed or while receiving temporary disability benefits, the benefits paid to your survivors depend on your age and service credit. These benefits are also payable to your survivors if you left PERS-covered employment but did not withdraw your contributions.

### If you have fewer than ten years of service

If you die before earning ten years of service credit and before becoming eligible for retirement, your beneficiary receives your contributions, plus interest.

### If you have ten or more years of service or you are eligible to retire

If you die after earning ten years of service credit or after becoming eligible to retire, your survivors may choose between:

- A refund of your contributions, plus interest; or

#### Acronyms used on this page

**RCW** - Revised Code of Washington

**DRS** - Department of Retirement Systems

**SCERS** - Seattle City Employees' Retirement System

**PERS** - Public Employees' Retirement System

- A monthly benefit calculated as if you had elected Option 2 (See page 13.), and reduced to reflect your age at the time of death (available only to a spouse or IRS-qualified dependents).

Surviving spouse benefits continue for the life of the spouse. Dependent survivor benefits continue as long as proof of dependency is maintained or until the dependent(s) reaches the age of majority. At that point, any remaining member contributions will be paid in a lump sum to the beneficiary.

If you have no surviving spouse or IRS-qualified dependents, your remaining contributions will be paid in a lump sum to your designated beneficiary.

### Death as a result of an injury or occupational disease sustained during employment

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.

### Designating your beneficiary

Your Beneficiary Designation form tells DRS who 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\* or minor child. If you do not have a surviving spouse 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, because these life events could invalidate your previous choices.

State-registered domestic partners have the same survivor and death benefits as married spouses. Contact the Secretary of State's Office if you have questions about domestic partnerships.

At retirement, if you choose Option 1 (see page 13), you may name a trust, your estate, an organization, or a person as your beneficiary. However, if you choose one of the survivor options (2, 3 or 4) at retirement, you must select a person as your beneficiary.

### Changing a benefit option after retirement

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

- If you designated someone other than your spouse 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 your designated survivor dies 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 marry or remarry after retirement and remain married for at least one year, you may be able to change your benefit option and provide a survivor benefit for your new spouse. 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.
- If you return to membership for at least 24 months, you may choose a different benefit option when you retire again.

#### Acronyms used on this page

**IRS** - Internal Revenue Service

**DRS** - Department of Retirement Systems

## Taxation and legal actions

### Federal benefit limit

When you retire, your benefit may be limited if it exceeds the federally allowed amount. For 2016, the limit is \$210,000, 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 income taxes

Most of your retirement benefit is subject to federal income tax. The only portion that is exempt from tax is the part that was taxed before it was contributed. Since most public employers deduct contributions before taxes, it's likely that your entire retirement benefit will be taxable.

After you retire, DRS will let you know what portion of your contributions has already been taxed. The IRS refers to this taxed amount as your cost basis.

You must complete a W-4P form to tell DRS how much of your monthly benefit should be withheld for taxes. If you do not, DRS will follow the IRS rules that require withholding as if you are married and claiming three exemptions.

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 by logging into your retirement account.

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 and child support. Find more information in [Can Legal Action Affect My Retirement Account?](#)

## Additional information

### How do I update my name or address?

**Active members** Download the [Name/Address Change form](#) and submit the completed form to your employer.

**Inactive members** Make updates to your address by logging in to [online account access](#). You can also submit a [Name/Address Change form](#) to DRS.

### 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.

### Benefit Revisions

If you receive an overpayment of your retirement benefit or withdrawal, DRS will require that the overpayment be repaid. If there is an underpayment, DRS will correct the error and pay you in full.

#### Acronyms used on this page

**DRS** - Department of Retirement Systems

**IRS** - Internal Revenue Service



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