WA STATE DEPT. OF RETIREMENT SYSTEMS AND YOU

An Introduction to SERS & TRS for New Hires

Presented by Thomas Bell, ASD Benefits Specialist

WELCOME!

This presentation is designed to provide you with key facts and information about the WA State public retirement programs and how your retirement selections might impact you.

Ultimately, we hope that, at the end of the presentation, you will:

- <u>feel more comfortable reviewing and selecting</u> <u>your retirement plan options</u> and
- <u>will know where to find additional resources</u> <u>and information to answer any questions you</u> <u>may have</u>.

KEY TERMS AND PHRASES

- **DRS** the WA State Dept. of Retirement Systems, which administers WA State's public retirement systems.
- **SERS** the School Employees' Retirement System, for Classified (non-Certificated) employees in eligible positions.
- **TRS** the Teachers' Retirement System, for Certificated employees in eligible positions.
- **PERS** the Public Employees' Retirement System, formerly used for Classified employees.

KEY TERMS AND PHRASES, CONT.

- **Defined Benefit** known more commonly as pension plans, defined benefit retirement plans are those in which <u>your retirement benefits</u> <u>are guaranteed by a set calculation</u> and paid out of a larger pool of money, which members contribute into while they are working.
- **Defined Contribution** defined contribution retirement plans are those in which you pay in at an established rate or percentage, and <u>your</u> <u>retirement benefits are based on your</u> <u>individual contribution and any growth</u> <u>and interest earnings over time</u>; a common example is a 401(k) plan.

KEY TERMS AND PHRASES, CONT.

- Eligible Member employees who are eligible to participate in a DRS retirement program, based on job type and expected hours worked.
- Active / Inactive Member employees who have participated in a DRS retirement program in the past, who may or may not be currently participating.
- **Potential Member** employees who are not currently eligible, based on job type and expected hours worked.

At ASD, you must be in a <u>regular (non-</u> <u>substitute) position</u> and regularly <u>work a</u> <u>minimum of 3.5 hours/day</u> (or 17.5 hours/week).

KEY TERMS AND PHRASES, CONT.

- Service Credit service credit is based on the number of hours you work, which is reported to DRS. No more than one month of service credit can be earned each calendar month, even if more than one employer is reporting hours you work.
- Average Final Compensation (AFC) the AFC is the average of your 60 consecutive highest paid service credit months (not including any severance pay or lump sum payment(s) for unused sick leave or vacation/annual leave).

STEP 1: RETIREMENT STATUS FORM



RETIREMENT STATUS

Employee Name (please print)	Social Security Num	ber	
Retired means receiving a lifetime, defined benefit. Members v defined contributions do not meet the retiree definition.	who are only separated or who are or	nly receivi	ng Plan 3
1. Are you retired from one of the Washington State Retire	ement Systems?	[]Yes	No
2. Are you retired from or have you ever been a member of Employees' Retirement System?	f the Seattle, Spokane or Tacoma	Yes	No
If yes, which one?			
3. Are you currently employed by another public employe Washington State Retirement System?	r and contributing to a	Yes	No
Employee Signature	Date		

Retirement Status Verification - To be completed by the employer

Question 1: If the employee answered "yes," and is:

- Returning to Active Service: The retiree's benefit may be impacted. Don't report until you contact Employer Support Services (ESS).
- A Retiree Returning to Work (RRTW): Verify that the employee is a retiree; then report as a RRTW.

THE PLANS IN SCHOOL DISTRICTS

TRS

TRS Plan 1
TRS Plan 2
TRS Plan 3

SERS

• SERS Plan 2

• SERS Plan 3

PERSo PERS Plan1

TRS and SERS Plans 2 & 3 are the most common here at ASD, primarily because TRS 1 and PERS 1 are closed to new enrollment (and that PERS is no longer the established retirement plan for Classified staff at school districts).

If you are a TRS 1 or PERS 1 Active or Inactive Member, let us know, as we will want to review your eligibility and placement.

THE PLANS: AN OVERVIEW

Both SERS and TRS have a Plan 2 and a Plan 3:

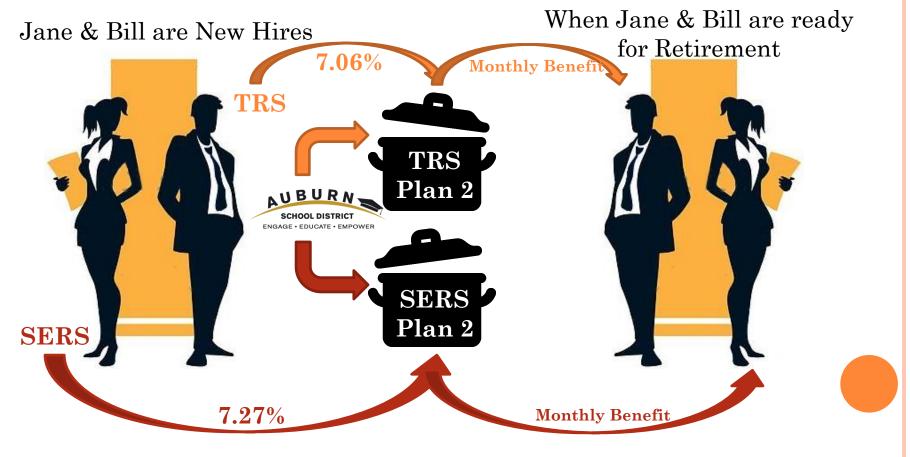
- Plan 2 A <u>Defined Benefit</u> plan that uses the following formula to determine your monthly retirement benefits:
 <u>Service Credit Years x AFC x 2%</u>
- Plan 3 A hybrid plan consisting of one part <u>Defined</u> <u>Benefit</u> and one part <u>Defined Contribution</u>. The following formula determines your Defined Benefit monthly retirement benefits:

Service Credit Years x AFC x 1%

Your Defined Contribution benefits are based on your final account balance and how you choose to receive those benefits: as a lump-sum payment, in installment payments, in an annuity, and/or roll it over into another account.

PLAN 2

Plan 2 is a **<u>Defined Benefit</u>** plan. Here's how it works:



PLAN 2: BENEFIT EXAMPLE

Let's take Jane and create an example of a monthly retirement benefit:



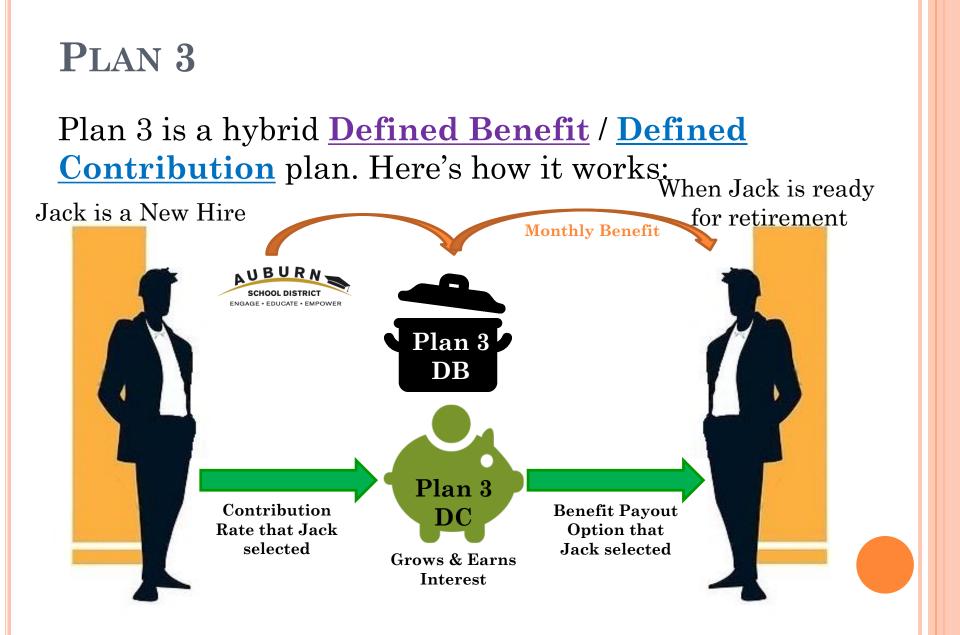
Jane worked for school districts and participated in SERS Plan 2 for <u>25 years</u>.

The average of Jane's 60 consecutive highest-paid months was calculated to be <u>\$5,500</u> (or about \$66,000 per year).

So let's plug in the numbers:

<u>25 years x \$5,500/mo x 2%</u> =

<u>\$2,750 per month</u>



PLAN 3: BENEFIT EXAMPLE PART 1

Let's take Jack and create an example of his monthly Defined Benefit retirement benefit:

Jack worked for school districts and participated in SERS Plan 3 for <u>**30 years**</u>.

The average of Jack's 60 consecutive highest-paid months was calculated to be <u>\$7,500</u> (or about \$90,000 per year).

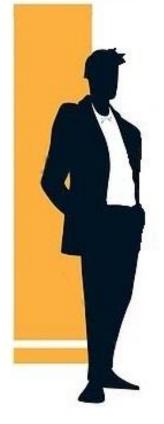
So let's plug in the numbers:

<u>30 years x \$7,500/mo x 1%</u> =

<u>\$2,250 per month</u>

PLAN 3: BENEFIT EXAMPLE PART 2

But Jack also has his Defined Contribution retirement benefit:



Jack had selected the 5% Contribution Rate (Option A under Plan 3).

Over the years, Jack's Defined Contribution account, with his contributions and growth from interest, reached a total of \$200,000.

Now Jack has some options. He can:

- Take his money as a lump-sum payment
- Take his money in monthly installments
- Purchase an annuity with his money to establish set monthly installments and continued growth
- Roll his money into an existing retirement account, like an IRA

PLAN 3 CONTRIBUTION RATES

We have mentioned Contribution Rates twice now, so let's discuss those:

- Option A: Set 5% of Gross Monthly Salary
- Option B: Graded % of Gross Monthly Salary
 - Up to age 35: **5**%
 - Age 35 to age 44: **6**%
 - Age 45 and up: **7.5**%
- Option C: Graded % of Gross Monthly Salary
 - Up to age 35: **6**%
 - Age 35 to age 44: **7.5**%
 - Age 45 and up: **8.5**%
- Option D: Set 7% of Gross Monthly Salary
- Option E: Set 10% of Gross Monthly Salary
- Option F: Set 15% of Gross Monthly Salary

WHY IS THIS IMPORTANT?

Great question! Understanding the retirement plan you select is exceptionally important, because...

Once you select a plan, you are effectively LOCKED IN

Upon selecting Plan 2 or 3 (and your Contribution Rate), that selection is set in stone for the remainder of your applicable work in WA State.

EXAMPLE 1

• Jane was hired on 09/01/2015 at the Jupiter Hollow School District as a Classified employee. Jane selected SERS Plan 2.

Then, on 09/01/2017, Jane joined the Auburn School District as a Classified employee. Jane had been considering moving to Plan 3, and discovers:

Jane is a Plan 2 member and will remain so, as she is still working in a SERS-eligible Classified position and is locked into Plan 2.

EXAMPLE 2

• Jack was hired on 09/01/2016 at the Mayberry School District as a Classified employee. Jack selected SERS Plan 3.

Then, on 09/01/2017, Jack joined the Auburn School District as a Certificated employee, having recently attained his teaching certificate. Jack had heard positive things about Plan 2, and discovers:

Jack was a SERS member, but now is a TRS member! As this is Jack's first time participating in TRS, he can select Plan 2.

EXAMPLE 3

• Bill (remember Bill?!) was hired on 09/01/2010 at the Hill Valley School District as a Certificated employee. Bill ultimately selected TRS Plan 3.

Then, on 09/01/2017, Bill joined the Auburn School District as a Certificated employee. Bill had also heard positive things about Plan 2, and discovers:

Bill is a Plan 3 member and will remain so, as he is still working in a TRS-eligible Certificated position. BUT, Bill may select a new Contribution Rate when he joins ASD.

STEP 2: MEMBER INFORMATION FORM



Member Information Form

This form is for new and returning employees hired into retirement-eligible positions for PERS, SERS or TRS. Submit this form to your employer within 90 days of your hire date. Give completed form to your employer.

Need help? Contact DRS. 800.547.6657 or 360.664.7000 TTY: 711 • www.drs.wa.gov

Member status		System			
New Member Choosing Plan 2: Complete Sect Choosing Plan 3: Complete Sect		TRS Teachers'	Retirement System		
Complete Section 1 only	mber	School Er	nployees' Retiremen	t System	
Complete Sections 1, 3 and 4			ployees' Retirement	System	
Section 1: Personal Information	n				
Name (last, first, middle)	24. 		Social Security Number		
Mailing Address	City		State	ZIP	
Birthdate (mm/dd/yyyy)	1000	ler (optional) 1ale	Phone Number		

STEP 3: BENEFICIARY DESIGNATION FORM



Beneficiary Designation

This form allows members, retirees, survivors, legal-order payees and those separated from service to name or update their benefit recipients. Send completed form to: Department of Retirement Systems PO Box 48380 • Olympia, WA 98504-8380

www.drs.wa.gov • 800.547.6657 360.664.7000 • TTY: 711

Important Information

Members can make this change quickly online at www.drs.wa.gov/oaa. Any current primary beneficiaries you've named will appear. You can then edit them or even copy them to another retirement system or program. If you use a paper form to submit your choices, only your primary beneficiaries will appear online until you add contingent beneficiaries in your online account. If you decide to fill out this paper form, please return it to DRS, not your employer. If you make a mistake, please correct it and initial beside the correction.

Persona	Information
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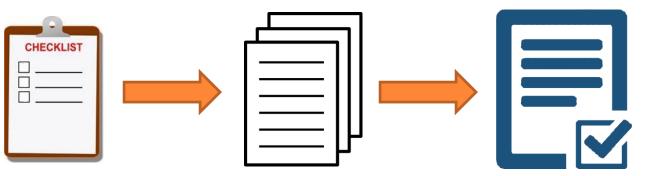
me (Last, First, Middle)			Social Sec	urity Number	
iling Address		City		State	ZIP
e of Birth (mm/dd/yyyy)	Phone Number		Alternate	Phone Number	
ail Address		0			
ail Address					

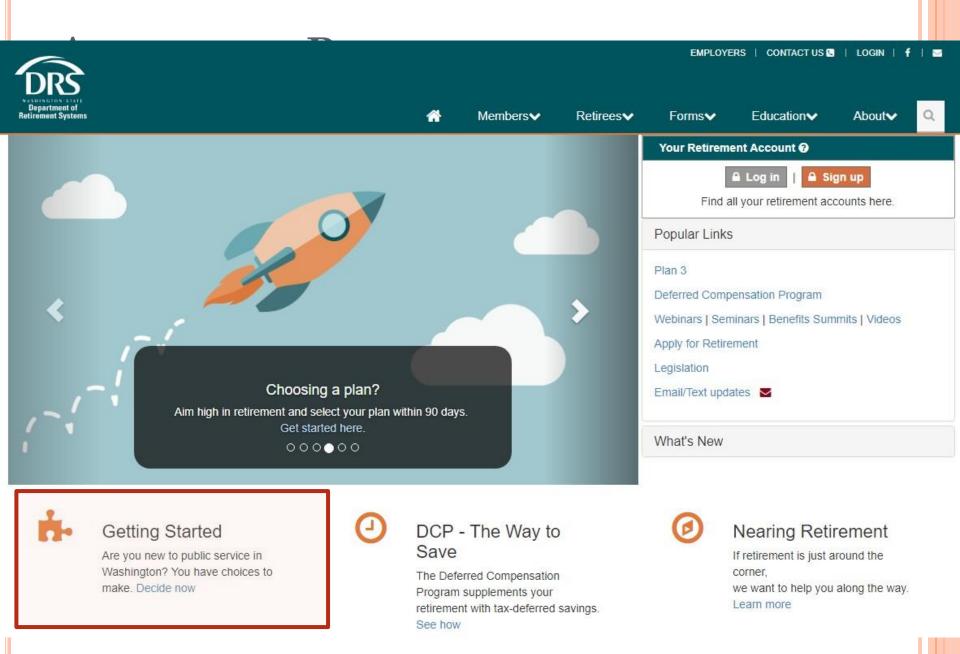
DEADLINES

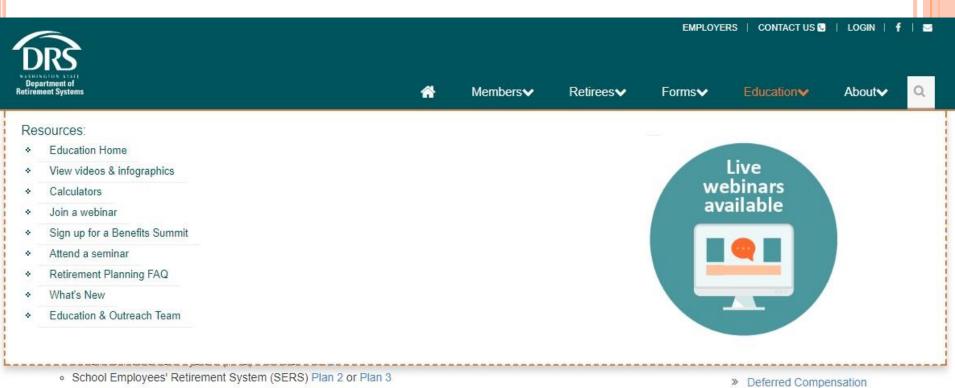
• **Retirement Status Form** – Please turn in before you leave today!

• Member Information Form – Due within <u>90</u> calendar days of your Hire Date!

• **Beneficiary Designation Form** – Due with your Member Information Form!







- Public Safety Employees' Retirement System (PSERS) Plan 2
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2.
- Washington State Patrol Retirement System (WSPRS) Plan 2
- Interested in DCP? Discover DCP and sign up. DCP is a supplemental retirement savings program. Check with your employer to see whether you are eligible. If you are a new full-time state or higher education employee, or if your organization participates in automatic enrollment, see DCP Automatic Enrollment.
- Fill out your Beneficiary Designation form.
- If you have prior membership in a DRS administered system or the retirement systems of Seattle, Tacoma or Spokane, contact us.

Contact Us

As a retirement plan member, you can get up-to-date information on this website. You can also call or email us with your questions.



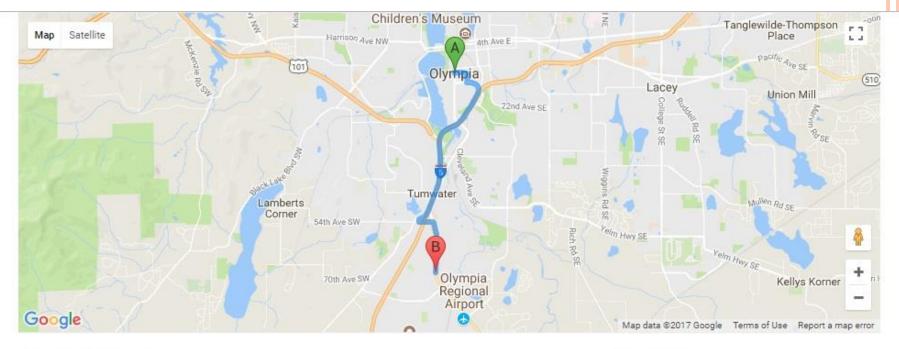
LOGIN REGISTER NEED HELP

Online Account Access

This site provides online account services for members and retirees of the Washington State Department of Retirement Systems (DRS). If you're a member of Plan 3 or the Deferred Compensation Program (DCP), you can access your investment account information by logging in. To learn more, see <u>online account access</u>.

Registered Us	ers	
If you are alrea then cl <mark>i</mark> ck the L		enter your user ID and password,
User ID:	1	Forgot User ID?
Password:		Forgot Password?
Login		

	t registered for online access, click the Register Now guided through the four-step registration process.
Register Now	



Contact Form

Please note: This contact form should be used for general inquiries only. If you are contacting us about your retirement account, please safeguard your personal information by using the secure email contact form, or by calling DRS using the numbers listed on this page.

* Required

Title

-- Please select --

First Name

Last Name

Contacts

6835 Capitol Boulevard, Tumwater, WA 98501

\$ 360.664.7000 or toll free 800.547.6657

TTY users Dial 711 for Washington Relay service

Oirections

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Mailing Address

Department of Retirement Systems

PO Box 48380

Olympia, WA 98504-8380

Business Hours

OR, YOU CAN ALWAYS CONTACT ME!

THOMAS BELL ASD BENEFITS SPECIALIST tmbell@auburn.wednet.edu

253-931-4925 (Payroll Dept.)