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:

- feel more comfortable reviewing and selecting your retirement plan options and
- will know where to find additional resources and information to answer any questions you may have.
**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 your retirement benefits are guaranteed by a set calculation 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 your retirement benefits are based on your individual contribution and any growth and interest earnings over time; 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 **regular (non-substitute) position** and regularly **work a minimum of 3.5 hours/day** (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).
The Retirement Status Form is a very helpful tool that allows us to verify your current DRS retirement status, ensuring that you are placed correctly.

**Employee Information – To be completed by the employee**

<table>
<thead>
<tr>
<th>Employee Name (please print)</th>
<th>Social Security Number</th>
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Retired means receiving a lifetime, defined benefit. Members who are only separated or who are only receiving Plan 3 defined contributions do not meet the retiree definition.

1. Are you retired from one of the Washington State Retirement Systems? □ Yes □ No
2. Are you retired from or have you ever been a member of the Seattle, Spokane or Tacoma Employees' Retirement System? □ Yes □ No
   If yes, which one? ____________________________
3. Are you currently employed by another public employer and contributing to a Washington State Retirement System? □ 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.
TRXS 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 [Defined Benefit](#) plan that uses the following formula to determine your monthly retirement benefits:
  
  \[
  \text{Service Credit Years} \times \text{AFC} \times 2\%
  \]

- **Plan 3** – A hybrid plan consisting of one part [Defined Benefit](#) and one part [Defined Contribution](#). The following formula determines your Defined Benefit monthly retirement benefits:
  
  \[
  \text{Service Credit Years} \times \text{AFC} \times 1\%
  \]

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 **Defined Benefit** plan. Here's how it works:

Jane & Bill are New Hires

When Jane & Bill are ready for Retirement

7.06% Monthly Benefit

7.27% Monthly Benefit
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 25 years.

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

So let’s plug in the numbers:

\[
25 \text{ years} \times \frac{5,500}{\text{mo}} \times 2\% = \]

\[
$2,750 \text{ per month}
\]
Plan 3 is a hybrid Defined Benefit / Defined Contribution plan. Here’s how it works:

Jack is a New Hire

When Jack is ready for retirement

Monthly Benefit

Plan 3 DB

Contribution Rate that Jack selected

Plan 3 DC

Grows & Earns Interest

Benefit Payout Option that Jack selected
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 30 years.

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

So let’s plug in the numbers:

$$30\text{ years} \times \frac{7,500}{\text{mo}} \times 1\% = \$2,250 \text{ per month}$$
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](image)

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.

### Member Status and System

**Member status**
- [ ] New Member
  - Choosing Plan 2: Complete Sections 1, 2 and 3
  - Choosing Plan 3: Complete Sections 1, 2, 3 and 4
- [ ] Returning Plan 1 or Plan 2 Member
  - Complete Section 1 only
- [ ] Returning Plan 3 Member
  - Complete Sections 1, 3 and 4

**System**
- [ ] TRS
  - Teachers’ Retirement System
- [ ] SERS
  - School Employees’ Retirement System
- [ ] PERS
  - Public Employees’ Retirement System

### Section 1: Personal Information

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<thead>
<tr>
<th>Name (last, first, middle)</th>
<th>Social Security Number</th>
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<table>
<thead>
<tr>
<th>Mailing Address</th>
<th>City</th>
<th>State</th>
<th>ZIP</th>
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<table>
<thead>
<tr>
<th>Birthdate (mm/dd/yyyy)</th>
<th>Gender (optional)</th>
<th>Phone Number</th>
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<tbody>
<tr>
<td></td>
<td>[ ] Male</td>
<td></td>
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<td></td>
<td>[ ] Female</td>
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Need help? Contact DRS.
800.547.6657 or 360.664.7000
TTY: 711 • www.drs.wa.gov
**Step 3: Beneficiary Designation Form**

![Beneficiary Designation Form]

**Important Information**

Members can make this change quickly online at [www.drs.wa.gov/oaa](http://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.

<table>
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<tr>
<th>Personal Information</th>
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<tbody>
<tr>
<td>Name (Last, First, Middle)</td>
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<tr>
<td>Mailing Address</td>
</tr>
<tr>
<td>Date of Birth (mm/dd/yyyy)</td>
</tr>
<tr>
<td>Email Address</td>
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</tbody>
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My Status (Check All That Apply)

- [ ] Member (active or inactive): I am a DRS member who contributes (active) or has contributed to (inactive) a DRS retirement system and/or participates in DCP.
DEADLINES

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

- **Member Information Form** – Due within **90 calendar days** of your Hire Date!

- **Beneficiary Designation Form** – Due with your Member Information Form!
ADDITIONAL RESOURCES: DRS.WA.GOV

The DRS Website (www.drs.wa.gov) is an invaluable resource for retirement information. Here's what it looks like!

Getting Started
Are you new to public service in Washington? You have choices to make. Decide now

DCP - The Way to Save
The Deferred Compensation Program supplements your retirement with tax-deferred savings. See how

Nearing Retirement
If retirement is just around the corner, we want to help you along the way. Learn more
Resources:
- Education Home
- View videos & infographics
- Calculators
- Join a webinar
- Sign up for a Benefits Summit
- Attend a seminar
- Retirement Planning FAQ
- What's New
- Education & Outreach Team

- School Employees' Retirement System (SERS) Plan 2 or Plan 3
- 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

Deferred Compensation

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.
**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 [online account access](#).

<table>
<thead>
<tr>
<th>Registered Users</th>
<th>New Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>If you are already a registered user, enter your user ID and password, then click the Login button.</td>
<td>If you have not yet registered for online access, click the Register Now button. You will be guided through the four-step registration process.</td>
</tr>
<tr>
<td><strong>User ID:</strong></td>
<td><strong>Register Now</strong></td>
</tr>
<tr>
<td><img src="image" alt="User ID field" /></td>
<td><img src="image" alt="Register Now button" /></td>
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<tr>
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<td><img src="image" alt="Login button" /></td>
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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
📍 Directions

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.)