

# RETIREMENT ELIGIBILITY RULES

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# INCLUDED IN THIS PRESENTATION

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- > **PERS 1, 2, or 3**
  - *(Public Employees Retirement System)*
- > **TRS 1 or 3**
  - *(Teachers Retirement System)*
- > **LEOFF 2**
  - *(Law Enforcement Officers' and Fire Fighters' Retirement Plan)*



# **AGENDA**

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- > Introduction to the DRS**
- > Retirement eligibility rules**
- > Retirement income options**
- > PEBB Retiree Health Insurance Eligibility**
- > Medicare & Enrollment**
- > PEBB Retiree Health Insurance Enrollment**
- > Retiree Life Insurance**
- > Annual leave and sick leave pay-out (VEBA)**
- > Retirement Checklist**
- > Working after retirement**
- > UW Retirement Association**



# Terms

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- > **DRS – Department of Retirement Systems**
- > **PERS – Public Employees Retirement System**
- > **TRS – Teacher’s Retirement System**
- > **LEOFF – Law Enforcement Officers and Fire Fighters Retirement System**
- > **ERF – Early Retirement Factor**
- > **AFC – Average Final Compensation**
- > **SCY – Service Credit Years**



# RETIREMENT ELIGIBILITY

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PERS 1/TRS 1

> **At least age:**

- **60 with 5 Service Credit Years; or**
- **55 with 25 Service Credit Years; or**
- **ANY AGE with 30 Service Credit Years**

# RETIREMENT ELIGIBILITY

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## PERS 2/ LEOFF 2

### > PERS 2

- 65 with 5 Service Credit Years; or
- Early Retirement at age 55 with 20\* Service Credit Years

### > LEOFF 2 Retirement Eligibility

- 53 with 5 Service Credit Years; or
- Early Retirement at age 50 with 20\* Service Credit Years

**\*Actuarially Reduced Benefit**

# RETIREMENT ELIGIBILITY

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## PERS 3/TRS 3

### > Normal Retirement:

- 65 with 10 Service Credit Years; OR
- 65 with 5 (12 service credit months earned after 44) Service Credit Years OR
- 65 with 5 service credit years earned in PERS 2 and transferred to PERS 3 before June 1, 2003; TRS 3 before June 1, 2003

### > Early Retirement

- 55 with 10 Service Credit Years (Actuarially Reduced Benefit)

# RETIREMENT ELIGIBILITY

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EARLY RETIREMENT FACTOR: PERS 2 or PERS/TRS 3

- > **Members less than age 65 with 30+ years of PERS service credit have choice of which reduction factor to retire under:**
  - ***2008 ERF option*** - less severe reduction in monthly benefit; no reduction starting age 62 however cannot return to work for a Washington State public employer without forfeiting your pension until age 65 or ending your employment.
  - ***3% ERF Option*** – larger reduction but have option to return to work at a Washington State public employer prior to age 65 subject to DRS return to work rules



# HOW DOES DRS CALCULATE MY PENSION?

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# PENSION CALCULATION

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## PERS 1 / TRS 1 RETIREMENT FORMULA

### > **2% X Service Credit Years X AFC\***

#### – **\*AFC = Average Final Compensation**

- > Monthly average of 24 consecutive highest paid service credit months
- > TRS 1 highest two consecutive fiscal years (July 1- June 30)

### > **Example:**

#### – **2% x 25 SCY x AFC \$3,000/month = \$1,500/month**

#### > **Maximum benefit of 60% AFC**

#### > **Unused annual leave (240 hours maximum) to increase your benefit:**

- **To be included, the leave must have been earned during your Average Final Compensation\* period (your highest-paid 24 consecutive service credit months)**

# PENSION CALCULATION

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## PERS 2/ LEOFF 2 RETIREMENT FORMULA

> **2% X Service Credit Years X AFC\***

– \*AFC = Average Final Compensation

– Monthly average of 60 consecutive highest paid service credit months

> **Example:**

– 2% x 25 SCY x AFC \$3,000/month = \$1,500/month

– No maximum benefit

– No vacation pay included

# PENSION CALCULATION

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## PERS 3/TRS 3 RETIREMENT FORMULA

### A Dual Benefit Structure

- > **Defined Benefit Component**
- > **Employer contributions**
  - **1% x Service Credit Years x AFC**
  - **AFC is monthly average of 60 consecutive highest paid service credit months**

# PENSION CALCULATION

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## PERS 3/TRS 3 RETIREMENT FORMULA

- > **Example:**
  - 1% x 25 SCY x AFC \$3,000/month = \$750/month
  - No maximum benefit; no vacation pay included
- > **Must start DB pension immediately after termination to be UW Retiree**
- > **Eligible for PEBB retiree health benefit at 55+ 10 YOS without drawing DB-not eligible for VEBA or retiree Husky Card**

# **PENSION CALCULATION**

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## **PERS 3/TRS 3 RETIREMENT FORMULA**

### **Defined Contribution Component**

- > Funded by employee contributions**
- > Your contribution rate, investment choices and fund performance determine your benefit**
- > Contact DRS for information about your options**
  - Leave in the plan**
  - Partial or complete withdrawal**
  - Lifetime annuity option**
  - Transfer to another qualified plan**
  - Review tax implications before taking action**

# DEPARTMENT OF RETIREMENT SYSTEMS (DRS)

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FOR DETAILED RETIREMENT QUESTIONS INCLUDING:

> **For detailed retirement questions including:**

- Military Service Credit
- Purchasing service credit
- I received notification you have received my application-will I hear from you again
- Can service credit from another state be used to qualify for retirement
- How does membership in another system affect my retirement.
- What kind of deductions can be taken from my check.
- Other frequently asked questions:

**<http://www.drs.wa.gov/retirement-planning/faq/>**

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# THANK YOU FOR ATTENDING!

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## UW Benefits office contact information:

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