RETIREMENT ELIGIBILITY RULES
INCLUDED IN THIS PRESENTATION

> 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

> 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

> 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

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**

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

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)
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?
PENSION CALCULATION

PERS 1/ TRS 1 RETIREMENT FORMULA

> 2% \times \text{Service Credit Years} \times \text{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\% \times 25 \text{ SCY} \times \text{AFC} \$3,000/\text{month} = \$1,500/\text{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

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

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

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

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
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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