

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 based on ERF)

RETIREMENT ELIGIBILITY

EARLY RETIREMENT FACTOR (ERF): PERS 2 or PERS/TRS 3

- > **Members less than age 65 with 30+ years of service credit will have their benefit calculated with the 2008 ERF:**
- > **Members less than age 65 with less than 30+ years of service credit are subject to the 3% ERF:**
 - **3% ERF** – larger reduction compared to 2008 ERF

HOW DOES DRS CALCULATE MY PENSION?



PENSION CALCULATION

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

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
- > **Example:**
 - 1% x 25 SCY x AFC \$3,000/month = \$750/month
 - No maximum benefit; no vacation pay included

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**

DEPARTMENT OF RETIREMENT SYSTEMS (DRS)

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/>

PEBB-ELIGIBILITY – RETIREE INSURANCE

- > **Must be vested member of and meet the eligibility criteria to retire from a Washington State sponsored retirement plan when your own PEBB coverage ends:**
 - *Elect a monthly retirement plan payment no later than the first month following end of PEBB coverage, unless one of the following exceptions apply:*
 - > *Lump-Sum elected if DRS offered you a lump-sum as well as an ongoing monthly payment option*
 - > *PERS 2 – Separated on or after January 1, 2024 and you are at least age 55 with at least 20 years of PERS 2 service credit*
 - > *PERS/TRS 3 – Separated and you are at least age 55 with at least 10 years of PERS 3 service credit*



THANK YOU FOR ATTENDING!

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