

# Employer Guide

## PERS, SERS, & TRS Plans 2 & 3

This quick reference aid has been developed by the Washington State Department of Retirement Systems (DRS) to help employers administer Plan 2 and Plan 3 retirement reporting for PERS, SERS, and TRS. Although this guide provides answers to many common questions, it is not intended to be a comprehensive resource.

### Member Reporting Verification

### Earn Screen

Use this web-based application to verify what has been reported for a member, retiree or substitute. This application displays compensation, hours, and member contributions. View yearly totals and monthly details. Only the transmittal data that the inquiring employer reported to DRS will display.

### Membership Verification

Prior history in a Washington state retirement plan determines the system and plan to report. Before reporting any new hire, use this web-based application to verify past membership history, such as Plan 3 membership, retiree status or whether a member has a January Transfer Option.

Information provided reflects the current status of a Social Security Number within the DRS database. Identifies any previous employment history a member may have had with the inquiring employer.

Contact Employer Support Services for an ID and password.

### Other ways to check Membership

Call - Toll-free 1.800.547.6657 select option 6, and option 2  
Olympia 360.664.7200 select option 2

Fax - 360.753.1090

E-mail - drsemployer@drs.wa.gov

### Eligibility

### PERS & SERS Eligible Position Definition

An **eligible position** is one that *normally* requires at least five months each year in which regular compensation is earned for 70 or more hours per month.

For a **new position**: *Normally* means a position that requires at least five months of 70 or more hours per month of compensated service during each of two consecutive years.

For an **existing position**: *Normally* means that the position will continue to be eligible if it requires at least five months of 70 or more hours of compensated service during at least one year in any two year period.

### TRS Eligible Position Definition

An **eligible position** is one that normally requires at least five months within the school year (September 1-August 31) in which compensation is earned for at least 70 hours per month. Unexpected school closures do not affect eligibility.

### How To Determine Eligibility

- ❖ Employer has responsibility for determining eligibility
- ❖ Define your positions as eligible or ineligible
- ❖ Evaluate eligibility status at least annually
- ❖ Report members from their first day in an eligible position
- ❖ Document your eligibility determinations
- ❖ DRS recommends you use the *Position Eligibility Worksheet* to evaluate and document eligibility.
- ❖ Don't consider personnel classifications (temporary, seasonal, part-time, intermittent, etc) when determining eligibility. Eligibility is based on the *DRS Eligible Position Definition*
- ❖ Next, consider all of an employee's work for you as one position. Use the combined hours to determine eligibility
- ❖ PERS - Define position and eligibility status when an employee is "filling in" for another employee
  - If the fill-in employee is placed into the absent person's eligible position, the fill-in employee must be reported
  - If the fill-in is hired into a designated temporary, ineligible position, don't report
- ❖ TRS/SERS - All employees are reported on the transmittal as members or substitutes. Refer to SERS WAC 415-110-010(9) and TRS WAC 415-112-015(4) for definitions

# Hiring Plan 2 and Plan 3 Members

## Membership Chosen

**Plan 2 Chosen members** - The employee who made an irrevocable election to enter Plan 2 membership. The member must be enrolled in Plan 2 and has no subsequent right to elect to transfer to Plan 3.

**Plan 3 members** - The employee who made an irrevocable election to enter Plan 3 membership. The member must be enrolled in Plan 3 and be provided the *Member Information Form* for selection of their contribution rate and investment program.

**Plan 2 members has not made a Plan 2/Plan 3 choice** - New Member Plan Choice employee who worked in an eligible position less than 90 days and did not make a Plan choice before they quit work. If the person is reemployed in an eligible position, the member should be treated as a New Member Plan Choice.

## Plan Choice Booklet/Educational Resources

Employers should provide a copy of this publication to each New Member Plan Choice employee immediately upon hiring. Provide the Plan 2 or Plan 3 Member Handbook after member chooses a plan or if the member has a January Transfer Option. Employers should also direct them to the Plan 3 Web site at: [www.icmarc.org/plan3/](http://www.icmarc.org/plan3/)

## New Member Plan Choice

**New PERS members** hired as of March 1, 2002 (for state agency or higher education employees) or September 1, 2002 (for local government employees)

**New SERS (with no previous PERS Plan 2 service) or TRS members** hired on or after July 1, 2007 have up to 90 calendar days to make a plan choice.

## Who Has a January Transfer Option?

Existing Plan 2 employees who established membership prior to the start of Plan 3 have the January Transfer Option.

Must be Plan 2 members prior to:

**PERS** - March 1, 2002 (for state agency or higher education employees) or September 1, 2002 (for local government employees),

**SERS** - September 1, 2000 or be a SERS new member with prior PERS Plan 2 service

**TRS** - July 1, 1996

## Forms Defined

### Retirement Status Form

A required form (RCW 41.50.139), used to document if an employee has been a member of, or has retired from, a Washington State retirement system. *Employer retains form.*

### Beneficiary Designation

Form used to designate member's beneficiary(ies). The designated beneficiary(ies) will receive any money in the member's account at the time of member's death prior to retirement. If a member has money in more than one retirement system, a separate form for each system must be completed. *Return completed form to DRS.*

### Member Information Form (MIF)

Form used by new members who must choose Plan 2 or Plan 3; Plan 2 members transferring to Plan 3 with the January Transfer Option; and for existing Plan 3 members returning to eligible employment. *Member returns completed form to employer. Employer completes section 5, keys information into their payroll system, and mails the original to DRS only if the member completed section 2.*

### Plan 3 Change of Investment Program

Form used by Plan 3 members changing investment program for their current payroll deductions. Members designate WSIB Investment Program or Self-directed Investment program. *Member returns completed form to employer. Employer keys changes into their payroll system and retains the form.*

### Plan 3 Investment Allocation

Form used by Plan 3 members choosing the self-directed Investment program to designate their contribution allocations. *Member returns the form to ICMA.*

## What forms are needed?

### Plan 2 and Plan 3 (new member)

Retirement Status Form  
Member Information Form  
Beneficiary Designation

### Plan 3 member changing employer

Retirement Status Form  
Member Information Form  
Beneficiary Designation  
Plan 3 Investment Allocation Form (if opening a self-directed account)

### Plan 2 member transferring to Plan 3

Member Information Form  
Beneficiary Designation  
Plan 3 Investment Allocation Form (if opening a self-directed account)

### Plan 3 member changing investment programs

Plan 3 Change of Investment Program  
Plan 3 Investment Allocation Form (if opening a self-directed account)

### Plan 3 member choosing the self-directed investment program

Plan 3 Investment Allocation Form

### Plan 3 member transferring money

Member needs to contact ICMA-RC

## Plan 3 Reporting Policies

**New Member:** Report employer and member contributions in Plan 2 until MIF is received, or 90 calendar days default takes effect.

**Plan 3 member changing employer:** Report employer contributions in Plan 3. Member contributions are reported after MIF is received, or 90 calendar days default takes effect.

### Plan Defaults:

The employer defaults the member via the transmittal into *Plan 3, contribution rate option "A" and WSIB investment program*.

### Contribution Rate Options

Option A  
5% fixed all ages

Option B  
5% up to age 35  
6% age 35 - 44  
7.5% age 45+

Option C  
6% up to age 35  
7.5% age 35 - 44  
8.5% age 45+

Option D  
7% fixed all ages

Option E  
10% fixed all ages

Option F  
15% fixed all ages

**Date Of Discovery:** If it is discovered that an employer did not report a Plan 3 member during an eligible period of time, start reporting compensation, employer contributions and hours. Service credit will be granted immediately. The member has up to 90 calendar days from the *Date of Discovery* to select their rate option and investment program.

**Member Chooses Rate:** Employers must report the member contribution rate selected on the *Member Information Form*. DRS does not edit member contributions reported.

**Liability:** The employer is liable for making up lost earnings if a member suffers a loss of investment return due to an employer reporting error (RCW 41.50.145).

**Payroll Timing:** Employers are encouraged to submit a Member Earnings Transmittal Report each pay period. Once a member selects a contribution rate, member contributions will be made prospectively from the first day of the pay cycle in which the member selects the option.

**If Rate Changes Following a Member's Birthday:** Employers begin using the new rate effective the first day of the following month. Example - a member who selected rate option "B" turns 35 on April 5th. The employer would deduct 6% contributions for all reportable compensation paid as of May 1st.

## How and When To Submit Retirement Dollars & Data

### Submit Retirement Dollars

- ❖ Use a separate Payment Advice form for each Reporting Group being reported.
- ❖ Use a Payment Advice Plan 3 for Plan 3 payments.
- ❖ Submit one payment, made payable to DRS, for the total of the Payment Advice forms you are submitting for all retirement systems and plans.
- ❖ Submit a separate payment with your Deferred Compensation Program (DCP) Payment Advice form.
- ❖ Do not report negative amounts on your ePayment or Payment Advice form (except for manual JV's and Electronic Fund Transfers).
- ❖ Use a Credit Redistribution form or call DRS Fiscal Office to move dollars between plans and/or systems.

### Before Plan 3 Dollars Can Be Invested

Plan 3 dollars won't be invested until both the dollars and the transmittal data are received and reconciled by DRS.

### Use the Multiple Record Layout For Data

**Summary Record** - A part of every transmittal report to DRS.

**Member Profile Record** - Required the first time you report an employee. Also for a change to a member's name, address, birth date or gender code.

**Employer Information Record** - Required the first time you report an employee, and the last time you report an employee.

**Plan Choice Record** - This record needs to be submitted only one time per member for a retirement system. Your transmittal with the plan choice code and associated date records a member's plan choice, and moves the member to the chosen/defaulted plan:

- 2C = New member chooses Plan 2
- 3C = New member chooses Plan 3
- 3D = New member is defaulted into Plan 3
- 3X = Plan 2 member transfers to Plan 3

**Defined Benefit Record** - At least one defined benefit record per member must be reported for each earning period reported.

**Defined Contribution Record** - A record should be on each report for every Plan 3 member who has a retirement deduction.

## Transmittal Corrections

### Transmittal Corrections

DRS recommends using the Web-Based Employer Transmittal (WBET) for processing timely transmittal corrections.

For Plan 3 member contributions, the transmittal report allows a reversal of up to 80% of the total contributions reported for a Plan 3 member's Defined Contribution account or \$1 500, whichever is less. Beyond these limits, contact ESS.

Report Plan 3 member contributions as paid.

### Housekeeping

Keep member address information current.

Be sure to verify that members sign and date all required sections of each form.

To change a begin or end date reported in error, contact ESS.

### Edit Messages - In order of importance

**Rejection** - Transaction reported is incorrect, and DRS cannot tell what is wrong. The contributions are not added to or subtracted from the member's account or invoiced to the employer's account.

*If appropriate, the employer should submit a transmittal correction as soon as possible.*

Example - A new employee is reported without a begin date.

Example - A member is reported with an earning period outside the member's enrollment period.

**Information Changed** - The transaction is incorrect, but the system can determine the problem and correct the data accordingly.

*The employer should pay any debit or credit arising from an "Information Changed" edit message, or submit a transmittal correction as soon as possible.*

Example - Reported employer contributions are incorrect, based on the reported compensation. The system recalculates the contributions based on the appropriate rate for the reported earning period.

**Warnings** - The transaction appears questionable, but is within allowable limits and is processed. No adjustments are made, and the transaction is posted to the member's account exactly as it was reported.

*The employer should review the data and determine if it is correct.*

Example - Over 300 hours of service are reported for a given earning period.

**Note:** DRS does not edit Plan 3 member contributions against the amount of compensation reported.

## Contacting DRS

### Employer Support Services (ESS):

360.664.7200 option 2 or 1.800.547.6657 option 6, option 2  
drsemployer@drs.wa.gov Fax - 360.753.1090

### Members:

360.664.7000 or 1.800.547.6657 option 4  
recep@drs.wa.gov

### Deferred Compensation Program (DCP):

Participants: 360.664.7111 or 1.888.327.5596  
Employers: 1.800.423.1524

### Web Pages:

**DRS Home Page** - [www.drs.wa.gov](http://www.drs.wa.gov)  
**Employer Home Page** - [www.drs.wa.gov/employer](http://www.drs.wa.gov/employer)  
**DRS Electronic Services** -  
[www.drs.wa.gov/employer/eservices/default.htm](http://www.drs.wa.gov/employer/eservices/default.htm)  
**Plan 3 Web Site** - [www.icmarc.org/plan3](http://www.icmarc.org/plan3)

### Mailing Addresses:

For transmittal reports, forms, or general correspondence, use:  
PO Box 48380  
Olympia WA 98504-8380

Send payments, Payment Advice forms, Credit Redistribution forms, and DCP transmittal reports to:  
PO Box 9018  
Olympia WA 98507-9018

Order forms and publications using [drsforms@drs.wa.gov](mailto:drsforms@drs.wa.gov) or call 360.664.7066 or 1.800.547.6657 option 3. DRS forms can also be downloaded from:  
[www.drs.wa.gov/Employer/Publications/formsandpubs.htm](http://www.drs.wa.gov/Employer/Publications/formsandpubs.htm)

Order *An Introduction to Plan 3* and the *Plan 3 Investment Guide* from ICMA. E-mail [plan3@icmarc.org](mailto:plan3@icmarc.org) or call 1.888.711.8773

## Helpful Resources

### ICMA-Retirement Corporation (ICMA-RC)

1.888.711.8773  
[www.icmarc.org](http://www.icmarc.org)

### Washington State Legislative Hotline

1.800.562.6000  
[www.leg.wa.gov](http://www.leg.wa.gov)

### Health Care Authority (HCA)

360.412.4200 or 1.800.200.1004  
[www.hca.wa.gov](http://www.hca.wa.gov)

### Social Security Administration

1.800.772.1213  
[www.ssa.gov](http://www.ssa.gov)