

# PSERS MEMBER HANDBOOK



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# PSERS PLAN 2: SUMMARY OF BENEFITS

## Eligible for Retirement

PSERS Plan 2 provides:

Full retirement benefits at age 65 with at least five years of service credit.

Full retirement at age 60 with 10 years of PSERS service credit.

Early retirement at age 53 with at least 20 years of service credit. A benefit reduction of three percent per year from age 60 would apply. See page 8.

## How Service Credit is Accumulated

Service credit is based on hours worked during a calendar month.

90 hours = 1 service credit month.

Less than 90 but at least 70 hours = 1/2 service credit month.

Less than 70 hours = 1/4 service credit month. See page 5.

## Service Credit for Military Time

You may be eligible to receive service credit for time spent in the military. To qualify you must have left retirement-covered employment to enter active military service. See page 6.

## Average Final Compensation (AFC)

Your AFC is the average of your 60 consecutive highest paid service credit months. Not included are payments for any type of severance pay, such as lump-sum payments for deferred sick leave, vacation or annual leave. See page 8.

## Benefit Formula

$2\% \times \text{Service Credit Years} \times \text{AFC} = \text{Monthly Benefit}$ . See page 8.

## Maximum Benefit

There is no percentage limitation on your retirement benefit.

## Contribution Rates

You are required to contribute a percentage of your monthly salary. This percentage is set by legislative action. See page 5.

## Purchasing Additional Service Credit

When you retire, you may purchase up to 60 months of additional service credit. For more information, see page 11.

## Death in Service Survivor Benefit

If you have less than 10 years of service credit and are not eligible to retire, your contributions plus interest will be paid to your beneficiary(ies).

If you have at least 10 years of service, or are eligible to retire, a surviving spouse, or if none, the guardian of minor children can choose between a monthly benefit or a lump sum payment of your contributions plus interest. See page 11.

If you die in the line of duty, your beneficiary may be eligible for a one-time duty-related death benefit.

## Cost of Living Adjustment

On July 1 of every year following your first full year of retirement, your monthly benefit will be adjusted by the percentage change in the Consumer Price Index (CPI), to a maximum of 3 percent per year. See page 11.



This handbook explains your rights and benefits under Plan 2 of the Washington State Public Safety Employees' Retirement System (PSERS). The plan is designed to be an important source of income that, along with Social Security benefits (if you are eligible), personal savings, and other investments, will help provide a guaranteed income stream when you retire.

**PSERS Plan 2 background**

The 2004 Washington State Legislature created PSERS Plan 2, a retirement plan for certain public employees whose jobs contain a high degree of physical risk to their own personal safety, but who are not eligible for membership in the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). Members of the Public Employees' Retirement System (PERS) Plan 2 or 3, who were working in PSERS positions on or before July 1, 2006, could have elected to prospectively begin PSERS membership. The election period was from July 1, 2006 through September 30, 2006 and the choice was permanent.

Those PERS Plan 2 or 3 members who chose PSERS became dual members in both plans. More information about dual membership is on pages 5 and 10.

Those members not choosing PSERS remained in PERS, continuing in their current positions.

Employees hired into designated PSERS positions on or after July 1, 2006 are automatically enrolled in PSERS.

**PSERS Plan 2 highlights**

Here is a brief summary of the plan's provisions.

- You and your employer both contribute toward your future benefits. See page 5.
- You will remain a member of the plan if you transfer to another eligible PSERS position with a PSERS-covered employer. See page 7.
- Your contributions are refundable only if you leave PSERS-covered employment. If you withdraw your contributions, you lose your right to future benefits. However, under certain circumstances you may restore your withdrawn contributions and re-establish your benefits. You cannot withdraw contributions made by your employer. See page 7.
- If you are a dual member of PSERS and another Department of Retirement Systems (DRS) retirement plan, you may be able to combine service credit in order to qualify for retirement. See pages 5 and 9-10.
- The plan provides disability retirement benefits and survivor benefits if you meet the requirements. See pages 11-13.

**When should I start planning for retirement?**

Planning for retirement is an ongoing process. The sooner you start, the more likely you are to achieve your retirement goals.

When you are within five years of retirement, attend one of DRS' Retirement Planning

**Summary Description**

The rules governing your benefits are contained in state retirement laws. This handbook is a summary, written in non-legal terms. It is not a complete description of the law. If there are any conflicts between what is written in this handbook and what is contained in the law, the current law will govern.

Seminars. These full-day sessions feature qualified speakers on a number of retirement subjects and are free of charge. The dates and locations for these seminars are announced in the member newsletter, *Retirement Outlook* and on the DRS website.

## **PSERS Plan 2 membership definition**

You are a member of PSERS Plan 2 if:

- You were employed on a full-time basis by a covered employer on or before July 1, 2006, meet at least one of the PSERS eligibility criteria, and elected membership during the election period; or
- You were hired on or after July 1, 2006 by a covered employer on a full-time basis and meet at least one of the PSERS eligibility criteria.

To be eligible for PSERS, employees must work on a full-time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; OR
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; OR
- Function as a limited authority Washington peace officer, as defined in RCW 10.93.020; OR
- Have primary responsibility to supervise eligible members who meet the above criteria.

A covered employer is one that participates in PSERS. Covered employers include:

- State of Washington agencies: Department of Corrections; Parks and Recreation Commission; Gambling Commission; Washington State Patrol; and Liquor Control Board.

- Washington State counties;
- Washington State cities, except for Seattle, Spokane and Tacoma; and
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

State elected or governor appointed officials have the option to continue PSERS membership. They must contact DRS to elect membership, even if membership was previously established. For more information, see the *PSERS Plan 2 Rules for State Elected Officials* on the DRS website.

### **Inform your employer of previous DRS-covered membership**

It is important you tell your employer if you have any prior membership, even if you withdrew your contributions.

### **Ineligible membership**

Some employees may satisfy the basic eligibility criteria for membership but be ineligible for other reasons. If you belong to one of the following categories, contact PSERS to determine your eligibility.

You may be ineligible for membership if:

- You are a member or retiree from another public retirement system in Washington;
- You are, or have been, a PERS 1 member;
- You are providing professional services to an employer on a fee, retainer or contract basis;
- You are an employee or elected or appointed official of a first-class city that has its own retirement system (Seattle, Spokane or Tacoma); or
- You are enrolled in a state-approved apprenticeship program and are employed by a local government to earn hours to complete the apprenticeship program.

## **What if I've previously been a member of another retirement system?**

### **Dual membership**

If you establish membership in more than one retirement system, you may qualify as a dual member even if your membership in another system has been terminated.

You qualify for dual membership if you become a member of PSERS and also:

- Have service credit in PERS, the Teachers' Retirement System, the School Employees' Retirement System, the Washington State Patrol Retirement System, the Law Enforcement Officers' and Fire Fighters' Retirement System, or the City Retirement System of Seattle, Spokane or Tacoma;
- Have not retired from service with any dual member system, or any other DRS-administered system; and
- Are not receiving disability retirement or disability leave benefits from any dual member system, or any other DRS-administered retirement system.

## **Who pays for my benefits?**

### **Defined benefit plan**

Your future benefits are funded by contributions made by you and your employer during your period of membership and the investment earnings from those contributions. These contributions are held in trust and invested by the State Investment Board.

PSERS Plan 2 is a defined benefit plan. This means that at retirement you will receive a benefit based on service credit and average final compensation. The amount of your contributions or your employer's contributions will not be a factor in calculating your retirement benefit.

### **Your contributions**

You are required to contribute a percentage of your reportable compensation to PSERS.

The percentage you contribute fluctuates depending on the funding needs of the plan.

Reportable compensation means salary and wages earned during a payroll period for personal services. This includes overtime, back pay and tax-deferred wages as defined by the Internal Revenue Code. Some examples of compensation that cannot be included are lump-sum payments for deferred sick leave, unused vacation leave or any form of severance pay.

### **Employer contributions**

Employer contributions are based on a percentage of your salary. The percentage your employer contributes fluctuates depending on the funding needs of the plan. Employer contributions go toward future retirement benefits, are not credited to your account and cannot be withdrawn.

### **Loans**

Because the plan is designed to provide retirement income, you may not borrow from or against your contributions.

## **What is service credit?**

Service credit is an important factor in determining your retirement benefit. Service credit is based on the number of hours of compensated employment reported by your employer.

You receive one service credit month for each calendar month in which you earn compensation for 90 or more hours.

No more than one service credit month can be obtained in any calendar month, even if you work more than 90 hours for two or more employers in a month.

One half service credit month is granted for any calendar month in which you receive compensation for fewer than 90, but at least 70 hours. One quarter service credit month is granted for fewer than 70 hours in a calendar month.

Your service credit years at retirement are calculated by dividing service credit months by 12.

**EXAMPLE:**

**Calculating service credit**

Suppose you were hired April 1, 2011, and worked full-time until February 23, 2031, when you retired. In your final month of employment you are compensated for 88 hours. Your service credit would be as follows:

<b>Period</b>	<b>Months</b>
April 2011 — December 2011	9.0
January 2012 — December 2030	228.0
January and February 2031	1.5
<b>Total</b>	<b>238.5</b>

238.5 months ÷ 12 months = 19.88 years, or 19 years and 10.5 service credit months.

**Service credit from another retirement system**

You can combine your PSERS service credit with credit earned in other Washington State retirement systems in order to qualify for retirement. For more information, see “What if I’ve previously been a member of another retirement system?” on page 5.

**EXAMPLE:**

**Combined service credit**

Suppose you are an active PSERS Plan 2 member, age 53, and have seven PSERS Plan 2 service credit years. If you also have 13 service credit years in PERS Plan 2, you have a total of 20 service credit years — enough to be eligible to retire with a reduced benefit. See page 9 for information about retiring at age 53, and page 9 for information about calculating a dual member benefit.

**Military service**

If you left your position for uniformed military service, you may be eligible to receive service credit for that period of military service. To qualify, you must:

- Apply for a position with the same PSERS employer within 90 days of receiving an honorable discharge; and
- Complete payment of the contributions within five years of returning to employment or before you retire, whichever comes first. Contributions may not be required if your military service occurred during certain periods of war.

Should you become totally incapacitated as a result of serving in the United States military, you (or in the case of your death, your surviving spouse or children) can apply for military service credit without your return to employment.

For more information, refer to the *Military Service Credit* publication on the DRS website.

**Leave of absence**

You may earn service credit for an unpaid leave of absence authorized by your employer. Service credit for a leave of absence is limited to a maximum of two years during your working career.

To obtain service credit for unpaid leave, you must return to work in an eligible position for a PSERS-covered employer and pay both member and employer contributions, including interest for both, for the time on leave. Payment must be completed within five years of returning to service, or retirement, whichever comes first.

**Vesting**

When you have five years of service credit, you have a vested right to a retirement benefit when you meet the plan’s age requirements. Vesting means you have earned the right to a future benefit, even if your covered employment ends. If you withdraw your contributions, you give up your right to retirement benefits.

## What if I leave my PSERS position?

Leaving your current PSERS-covered position before you retire will have an impact on your benefits. The nature of the impact depends on where you are next employed and whether you withdraw your contributions from PSERS. If your next job is PSERS eligible, your membership and service credit will continue.

### Withdrawing your contributions

If you leave PSERS-covered employment, you may withdraw your accumulated contributions. This is the only circumstance in which a refund is permitted. Withdrawal of your contributions cancels all rights to future benefits from PSERS. You can learn more by reading the *Withdrawal of Retirement Contributions* publication available on the DRS website

You are not required to withdraw your contributions when you leave PSERS-covered employment. If you leave your contributions with PSERS, your funds will continue to accrue interest and your service credit will be preserved.

If you leave PSERS-covered employment and leave your contributions in the plan, keep DRS informed of changes in your name, address and beneficiary.

You may be required to begin receiving your untaxed benefit by April of the year following the year you reach age 70½. For additional information refer to Internal Revenue Service (IRS) publication 575, *Pension and Annuity Income*.

### Tax implications of withdrawing your contributions

DRS is required to withhold 20 percent of the tax-deferred portion of lump sum payments for federal income tax, unless the funds are transferred directly to another eligible retirement plan. Federal law may also require an additional 10 percent tax as an early withdrawal penalty if you are under age 59½.

DRS is required to report all lump-sum payments to the IRS. It is your responsibility to report the withdrawal on your tax return. For more information on this subject, contact the IRS or your tax advisor.

### Restoring PSERS service credit

To restore withdrawn service credit, you must repay the total amount withdrawn, plus interest, within five calendar years of returning to a PSERS-eligible position, or before you retire, whichever is first.

It is still possible to purchase withdrawn or optional service credit after the deadline has passed; however, the cost is considerably higher.

To learn more about purchase of service credit see the DRS publication, *Recovery of Withdrawn or Optional Service Credit*.

### Restorations for dual members

If you are a dual member and wish to restore service credit in a system other than PSERS, you must repay the amount withdrawn, plus interest, within two years of first becoming a dual member, or before you retire, whichever comes first. To find how much it will cost you to restore, contact DRS.

For more information, read the *Recovery of Withdrawn or Optional Service Credit* brochure.

## When Can I Retire?

### Eligibility

You are eligible to retire if you are:

- Age 65 or older and have at least five service credit years; or
- Age 60 with 10 years of PSERS service credit; or
- Age 53 with 20 years of service credit. You would receive a reduced benefit.

See “How does retirement before age 60 affect my benefit” on page 8.

## How do I retire?

### As you get closer to retirement

Consider the following:

- If you are within a year of your retirement date, request an estimate and application packet from DRS.
- Obtain a copy of IRS Publication 575, *Pension and Annuity Income*, available on the IRS website [www.irs.gov](http://www.irs.gov).
- Visit the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov) and use the Defined Benefit Account Access service, which allows you to create an estimate of your future retirement benefit based on your own account information.

### Applying for retirement

You can complete the entire retirement process through the mail. If you request a benefit estimate, you will receive an application packet when your estimate is mailed to you.

## How is my benefit calculated?

### Benefit Formula

Your monthly retirement benefit is calculated using the following formula:

$$2 \text{ percent} \times \text{Service Credit Years} \times \text{AFC}$$

Average Final Compensation (AFC) is the monthly average of your 60 consecutive highest-paid service credit months. AFC does not include payments for any type of severance pay, such as lump-sum payments for deferred sick leave, vacation or annual leave.

#### EXAMPLE:

#### Benefit calculation

Suppose you retire at age 60 with 20 service credit years. Your average final compensation is \$3,500. Your monthly retirement benefit will be \$1,400.

$$2\% \times 20 \text{ years} \times \$3,500 = \text{monthly benefit}$$

$$2\% \times 20 \text{ years} = .40$$

$$.40 \times \$3,500 = \$1,400$$

This calculation results in the Option 1 benefit. It will be lower if you choose to continue benefits to a survivor upon your death. See pages 9 and 10 for a description of benefit options.

### Lump sum payment instead of a monthly benefit

If your monthly benefit will be less than \$50, you may choose to take payment in a lump sum. To determine the lump sum, the projected value of your lifetime benefit will be compared to the total of your contributions plus interest. The greater amount will be paid to you. Anyone receiving such a payment is considered retired from PSERS. Only members who retire early for disability, have minimal service credit, or retire as dual members are likely to receive this payment.

## How does retirement before age 60 affect my benefit?

If you have at least 20 service credit years, you may retire at or after age 53. However, your benefit will be reduced to reflect the fact that you are likely to be receiving your benefit over a longer period of time. The benefit reduction is set at three percent for each year you are under age 60.

<i>Age at retirement</i>	<i>3% reduction factor</i>
53	79%
54	82%
55	85%
56	88%
57	91%
58	94%
59	97%
60	100%

**EXAMPLE:****Retirement at age 53**

Suppose you retire at age 53 with 25 years of service credit and an average final compensation of \$3,500. Because you are retiring early, your benefit is 79 percent of what it would be if you were 60 when you retired, with the same service credit and average final compensation. Your monthly benefit of \$1,382.50 is calculated as follows:

$$2\% \times 25 \text{ years} \times \$3,500 \times 79\% \\ = \text{monthly benefit}$$

$$2\% \times 25 \text{ years} = .50 \\ .50 \times \$3,500 = \$1,750 \\ \$1,750 \times 79\% = \$1,382.50$$

**EXAMPLE:****Retirement at age 60**

Suppose you work another seven years rather than retiring at age 53. At age 60, you would have 32 service credit years and be eligible to receive full retirement benefits. Assuming you have the same average final compensation, your benefit would be calculated as follows:

$$2\% \times 32 \text{ years} \times \$3,500 \\ = \text{monthly benefit}$$

$$2\% \times 32 \text{ years} = .64 \\ .64 \times \$3,500 = \$2,240.00$$

**Calculating benefits for dual members**

The service retirement benefit for dual members is the sum of the benefits they have earned separately from each system. Dual members with a total of five or more service credit years from all eligible systems are entitled to a benefit from each system, even if they have less than five service credit years in any of the systems.

In most cases, dual members will receive a benefit based on the highest base salary from

any system, whichever produces the better benefit. Base salary is the salary or wages earned, excluding lump-sum cashouts and severance pay. For details, refer to the DRS publication, *What Is Dual Membership and How Does It Affect Me?*

**EXAMPLE:****Dual Member Benefits**

Suppose you are 60 years old and have 13 service credit years with PSERS Plan 2 and three service credit years with PERS Plan 2. Without dual membership, your PERS service would be too short to earn a PERS benefit. With dual membership, you will receive a benefit from each plan, calculated according to the rules of each system as follows:

**PSERS Plan 2:**

$2\% \times 13 \text{ years PSERS service credit} \times$   
average final compensation = PSERS benefit

**PERS Plan 2:**

$2\% \times 3 \text{ years PERS service credit} \times$  average  
final compensation  $\times$  early retirement factor  
= PERS benefit

At age 60, you can begin drawing an actuarially reduced PERS benefit or defer receipt of the PERS benefit until age 65 when you would be eligible for a full benefit.

**What are my benefit options?**

When you retire, you must select one of the following benefit options. The option you choose generally cannot be changed after you retire.

**Option 1  
Single life**

This option pays you a benefit for your lifetime. If you die before the total benefits you receive equal your contributions plus interest as of the date you retired, the balance will be paid in a lump sum to your designated beneficiary.

## **Option 2**

### **Joint and 100 percent survivorship**

Under this option, you receive a reduced benefit. If your designated beneficiary survives you, the benefit amount remains the same and your beneficiary receives it for his or her lifetime.

## **Option 3**

### **Joint and 50 percent survivorship**

This option provides a reduced benefit, but the reduction is smaller than in Option 2. If your designated beneficiary survives you, 50 percent of your benefit is paid to your beneficiary for his or her lifetime.

## **Option 4**

### **Joint and 66.67 percent survivorship**

This provides a reduced benefit that is smaller than in Option 2, but larger than in Option 3. If your designated beneficiary survives you, 66.67 percent of your benefit is paid to your beneficiary for his or her lifetime.

## **Spousal consent**

If you are married, the law requires that your spouse consent in writing to the benefit option you choose. This consent must be witnessed by a notary. If consent is not provided, the law requires that an Option 3 benefit be paid with your spouse as beneficiary.

## **What is the purchase additional service credit option?**

When you retire, you may purchase additional service credit that would provide you a lifetime increase to your monthly benefit. You may purchase from 1 to 60 months in whole month increments. The purchased service credit may not be used to qualify for early retirement. You must submit the "Request to Purchase Additional Service Credit" form at the same time you submit your retirement application.

The amount your benefit would increase is determined by the number of months you purchase, your average final compensation (AFC) and a 3 percent reduction factor if you retire early.

The formula used is:

$$\text{Months of Service Purchased} \div 12 \times 2\% \times \text{AFC} \\ \times \text{Early Retirement Factor (if any)} = \\ \text{Monthly Increase}$$

The cost to purchase additional service credit is determined by the annuity factor (AF) for your age at retirement and the monthly increase amount. The formula used is:

$$\text{Monthly Increase} \div \text{AF} = \text{Cost to Purchase}$$

For more information, review the DRS publication, *Purchasing Additional Service Credit* available on the DRS website. You may also calculate your own estimate of monthly increase and cost by accessing your account using the online service, *Defined Benefit Access*. Once you are in your account, select the *Purchasing Service* link.

## **Cost-of-living adjustment (COLA)**

On July 1 of every year following your first full year of retirement, your monthly benefit will be adjusted by the percentage change in the Consumer Price Index (CPI), to a maximum of three percent per year.

## **Changing a benefit option after retirement**

Once you retire you may only change your benefit option or survivor in the following circumstances:

- If you designated someone other than your spouse to receive your survivor benefit, you can change to an Option 1 (no survivor) benefit at any time after retirement.
- If you chose one of the survivor options (2, 3 or 4), and your designated survivor dies before you, your retirement benefit may be adjusted to the higher Option 1 payment level. Be sure to notify DRS to initiate this adjustment.
- If you marry or remarry after retirement and remain married for at least one year, you may be able to change your benefit option and provide a survivor benefit

for your new spouse. To qualify for this opportunity, you must request the change between your first and second year of marriage. Please contact DRS for estimates on how this will affect your benefit. Also, be aware that this opportunity may not be available if your benefit has been impacted by a court-ordered property division.

- If you go back to work and complete two or more years of uninterrupted active PSERS membership, you can retire again and select a new benefit option and survivor.

## **What benefits do my survivors receive?**

### **Death after retirement**

If you die after you begin a service or disability retirement, your survivor(s) may be eligible to receive benefits depending upon the retirement option you chose. See “What are my benefit options?” on page 9.

### **Death before retirement**

If you die before retirement, your beneficiary may be eligible for benefits as explained below.

### **Fewer than 10 service credit years and ineligible to retire**

If you die before you have 10 service credit years in PSERS and before retirement eligibility, your designated beneficiary(ies) receives your contributions, plus interest earnings.

### **Ten or more service credit years or eligible to retire**

If you die after becoming eligible to retire or after accumulating 10 or more service credit years, your surviving spouse, or if none, the guardian of your minor children, may choose between the following two benefits:

- The sum of your contributions, plus interest, or

- A monthly benefit calculated as if you had:
  - Selected Option 2 (joint and 100 percent survivorship), and
  - Retired on the first of the month following the date of your death. The benefit is reduced if you are under age 60 at death.

If your spouse dies while receiving a survivor’s retirement benefit and leaves a minor child or children, the children will continue to receive the benefit that was paid to your spouse. The benefit will be shared equally among the children and paid until they reach 18 years of age.

If there are no minor children or surviving spouse, your designated beneficiary will receive your accrued contributions, plus interest.

### **Death as a result of an injury or occupational disease sustained during employment**

If an active member is killed in the course of employment, the survivor’s benefit is not subject to the early retirement reduction factors normally applied if a member is under age 60 at the time of death. Eligibility will be determined by the director of the Department of Labor and Industries (L&I).

If L&I determines that a member’s death occurred from injuries in the course of employment or as a result of an occupational disease or infection that arose from employment, the member’s beneficiary will be entitled to a one-time duty-related death benefit.

If an active member or disability retiree dies as a result of injuries sustained in the line of duty as a public safety officer, ongoing benefits received by the retiree’s survivor(s) may qualify for non-taxable status under federal and state law. Eligibility to receive benefit tax exemption will be determined by DRS.

## Designating a beneficiary

You should keep your beneficiary designation record up-to-date with DRS. The *Beneficiary Designation* form, which is available online, from your employer and from DRS, must be mailed to DRS. If you fail to file the form, DRS pays your surviving spouse or, if none, your estate.

If you marry or divorce before retirement, file a new *Beneficiary Designation* form, even if your beneficiary remains the same. You should be aware that an ex-spouse may have a right to a portion of your benefits under certain circumstances. See “Taxation and legal orders” on page 13.

At retirement, if you choose an Option 1 benefit payment, you may name a trust, your estate, an organization or a person as your beneficiary. However, if you choose Option 2, 3 or 4, you must select a person as your beneficiary.

## What if I become disabled?

If you become totally incapacitated for continued employment with a covered employer, and leave that employment as a result of the disability, you may be eligible for a disability retirement benefit. You can learn more in the publication *PSERS Disability Benefits*.

If you become disabled, contact DRS for more information.

### Disability retirement benefit

The disability retirement benefit, including survivor options, is determined by the same formula as a service retirement benefit, described on page 8. The disability retirement benefit is reduced to reflect your age at the time benefits begin.

If you have:

- Ten or more service credit years in PSERS, your benefit is reduced from age 60.
- Fewer than ten service credit years, your benefit is reduced from age 65.

If your monthly benefit will be less than \$50, you may choose to take payment in a lump sum. Refer to the section “Lump sum payment instead of a monthly benefit” on page 8.

## Temporary duty disability

In some cases you can obtain service credit for work time missed while on temporary disability leave. For information on this subject, refer to the publication *PSERS Disability Benefits*, available on the DRS website.

## What if I work after retirement?

Your benefits may be affected if you work for a DRS-covered employer after retirement. Under state law, the employer is required to report your hours to DRS. When you apply for retirement you will receive the publication, *Thinking About Working After Retirement?*, which explains how your benefit may be affected. This publication is also available on the DRS website. If you return to work for a DRS-covered employer, please contact DRS immediately.

## Am I eligible for health insurance coverage after I leave employment?

If your employer offers continuing health care coverage through the Public Employees Benefits Board (PEBB), you may qualify for health care coverage when you retire.

To find out if you qualify for PEBB benefits, contact your employer. You can also contact the Health Care Authority at 1-800-200-1004 or visit their website [www.pebb.hca.wa.gov](http://www.pebb.hca.wa.gov).

## Why does DRS need my Social Security number?

DRS requires that you provide your Social Security number when you are conducting business with the agency. Internal Revenue Code Sections 6041(A), and 6109 authorize DRS to solicit your Social Security number.

- DRS will use your Social Security number to track all data regarding your retirement account and to report required information to the Internal Revenue Service.
- DRS will not disclose your Social Security number to any party unless required to do so by law.

## Taxation and legal orders

### Federal income taxes

Most of your retirement benefit will be subject to federal income tax. Only the portion taxed before it was contributed is exempt.

After you retire, DRS will let you know what portion of your contributions has already been taxed. The IRS refers to this taxed amount as your cost basis.

You must complete a W-4P form to indicate how much of your benefit should be withheld for taxes. If you do not, DRS will follow IRS rules requiring withholding as if you are married and claiming three exemptions. It is your responsibility to declare the proper amount of taxable income on your income tax return.

### Assignment and attachment of benefits

Retirement benefits are not generally subject to assignment or attachment. However, payments you receive in the form of retirement benefits, or as a refund of your contributions, may be subject to payment of court and administrative orders for spousal maintenance, child support or other orders authorized by federal law

DRS is authorized to divide pensions between members and ex-spouses based

upon court-ordered property division. If the divorce decree complies with the applicable law, DRS will send the property division payment directly to the ex-spouse. For more information, review the DRS publications, *Can Legal Action Affect My Retirement Account?* and *How Can a Property Division Affect My Retirement Account?* available on the DRS website.

## Administrative information

### Administration of the system

The Public Safety Employees' Retirement System is administered by DRS. The Director of DRS is appointed by the Governor.

### Payment of retirement benefits

Your benefit is paid at the end of each month and, in most cases, can be deposited directly in your bank or credit union account. Your retirement benefit accrues from the first day of the month following the date you separate from service. If you are a vested member, your benefit accrues from the first day of the month following your date of age eligibility.

### Benefit adjustments

If you receive an overpayment of your retirement benefit or withdrawal, DRS requires that the overpayment be repaid. If there is an underpayment, DRS will correct the error and pay you in full.

### Petitions and appeals

Under DRS internal review procedures, all appeals begin as petitions. You may challenge a decision of a DRS administrator by filing a petition within 120 days of your receipt of the decision. A petition will be reviewed by the DRS Petitions Examiner.

To file a petition, complete and submit a detailed statement of:

- The relief you are requesting;
- The facts relating to your petition, including any relevant documents or sworn statements which support your request for relief;

- The legal basis for your petition, including any relevant legal provisions or precedents;
- The name and address of your legal counsel, if you choose to be represented; and
- Your name, address, Social Security number, and signature.

The Petitions Examiner will ask for information from the parties involved. Usually, this means you, DRS, and possibly your employer. After review, the Petitions Examiner will enter a written decision and mail that decision to you by certified mail.

If you are not satisfied with the petition decision, you may file an appeal within 60 days of receipt of the decision. Included with your petition decision will be information describing how to file an appeal. An appeal will be heard by either DRS' Presiding Officer or an Administrative Law Judge.

## Contacting DRS

When you contact DRS about personal account information, be sure to include:

- Your Social Security number;
- Your signature;  
(for written correspondence)
- Your daytime telephone number;
- Your mailing address;
- Your retirement plan.

### Mailing address

PO Box 48380  
Olympia, WA 98504-8380

### Telephone

Olympia ..... (360) 664-7000  
Toll-free..... 1-800-547-6657  
TTY Line ..... (360) 586-5450  
Toll Free TTY Number ..... 1-866-377-8895

### Email address

recep@drs.wa.gov

Important: Electronic mail messages sent over the Internet may not be confidential. It may be possible for other people to read your email message.

### Web Address

www.drs.wa.gov

The DRS website contains the most recent edition of this handbook and other member publications for PSERS and other DRS-administered systems.

The site also includes:

- Online access to your account, allowing you to review information such as your account balance, employment history, beneficiary information and annual statements.
- Recent issues of the member newsletter, *Retirement Outlook*.
- Information about recent retirement-related legislation.
- A variety of other information of interest to retirement system members and public employers in Washington State.

### Contact DRS for the following:

- To obtain more information about your rights and benefits under this plan.
- To apply for retirement.
- To schedule an appointment to review your account information and retirement options in person.
- To obtain copies of DRS publications mentioned in this handbook (DRS publications are also available on our website).