

# Ongoing PERS, SERS & TRS Plan 2 & Plan 3 Items

This employer document applies to the Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), and School Employees' Retirement System (SERS)

## Publications

### *Plan Choice Booklet*

- Provide to all new members and to Plan 2 members eligible for the January Transfer Option
- Outlines key points, resources and important steps in the plan choice decision-making process.
- Defaulting a member to Plan 3 is irrevocable. Therefore, make every effort to provide the *Plan Choice Booklet* to new members as soon as possible. We also recommend employers send reminders to new members to reinforce the fact they will be defaulted into Plan 3 unless they provide the Member Information Form (MIF) to the appropriate employer contact on or before the end of their 90-day window.

### *Member Handbook*

- Provide a Plan 2 or Plan 3 *Member Handbook*, after the member makes their Plan choice.
- Summarizes the rules governing the retirement plan.

### *Prior Publications*

PERS employers should recycle the *PERS Plan Choice Booklet*.

### *Additional Resources*

Direct members to the ICMA Web site at <http://www.icmarc.org/plan3/> for modeling software, calculators and other resources.

### *To Order Publications*

Refer to the *New Hire Pyramid - Plan 3 Resources*. Here is the link:

[http://www.drs.wa.gov/employer/Tutorials/new\\_hire/p3resources.htm](http://www.drs.wa.gov/employer/Tutorials/new_hire/p3resources.htm)

## Member Rules

PERS, TRS and SERS members fall into three distinct groups. Each group has different rules that are

detailed below. Use the DRS *Member Reporting Verification* (MRV) application to determine membership status. Contact Employer Support Services if you need assistance using MRV.

### **1. New Member Plan Choice**

New employees have the option to become members of Plan 2 or Plan 3 if they first established membership on or after:

- **PERS** – March 1, 2002 for state agency or higher education employers, or September 1, 2002 for local government employers
- **SERS**– July 1, 2007–prior to August 1, 2009, new SERS member with prior PERS Plan 2 service were reported in SERS Plan 2 and given January transfer rights.

- **All SERS**-After August 1, 2009  
All members who have Plan Choice rights must choose within 90 days of their date of hire into an eligible position or they will default into Plan 3. Report members in Plan 2 until they choose their plan. Members who select Plan 2 may not transfer to Plan 3 at a later date. Employers should direct the employee to the Plan 3 Web site at <http://www.icmarc.org/plan3/> for more information.
- **TRS** – July 1, 2007

## 2. Transfer members

A Plan 2 member who has never defaulted into Plan 3 or made a plan choice has the option to transfer to Plan 3 each January. Use *Member Reporting Verification* (MRV) to verify a January Transfer Option. Contact Employer Support Services for assistance. Direct members who have questions to the Plan 3 Web site at <http://www.icmarc.org/plan3/>

## 3. Membership Choice

- **Plan 2 Chosen members** – The employee made an irrevocable election to enter Plan 2 membership. Employers must enroll them in Plan 2 and the member has no subsequent right to elect Plan 3.
- **Plan 3 Chosen or Defaulted members** – The employee made an irrevocable election to enter Plan 3 membership or defaulted into Plan 3. These existing Plan 3 members must be reported in Plan 3. No member contributions are reported until you receive the *Member Information Form* (MIF) with their selection of a contribution rate and investment program, or the 90 calendar day default occurs (rate option A and the Self-Directed Investment Program (SELF) investment program.)
- **Plan 2 member who has not made a Plan 2/Plan 3 choice** - The New Member Plan Choice employee worked in an eligible position less than 90 days and did not make a plan choice before they separated from employment. If reemployed in an eligible position, treat them as a New Member Plan Choice (see above).
- **Plan 3 member who defaulted** – The employee worked in an eligible position for at least 90 days and did not make a plan choice. They were defaulted into Plan 3 and have no subsequent plan choice.

## Plan 3 Seminars

Employers are encouraged to host and support member seminars. These seminars are sponsored by DRS and conducted by ICMA-RC at employer sites and regional locations throughout the state. Members who need information or would like to register for either of these can do so at <http://www.icmarc.org/plan3/>. Employers can contact ICMA to schedule a seminar by calling (888) 711-8773 or by e-mailing [sdutton@icmarc.org](mailto:sdutton@icmarc.org).

# **Policies**

## **Regarding 90-day period**

- Each time a Plan 3 member changes employers the member has up to 90 calendar days to select a rate option and investment program. Employers should not deduct member contributions until they receive the MIF. Employers should notify new employees that they will need to complete this form to continue their Plan 3 deductions and provide them with a copy of the form. Members who do not return the form within 90 calendar days default to contribution rate option A and SELF.
- Employers cannot make up Plan 3 member contributions for periods missed while the member was selecting a contribution rate option (i.e., during the 90 calendar days allowed for choosing a contribution rate option and investment program).
- If an employer needs to report a new member retroactively, the member's 90-day calendar period begins on the day the employer discovered that the member was eligible. The employer should inform the employee of their 90-day period and start reporting compensation, employer contributions, and hours immediately. Contact DRS to report the date of discovery.
- If an employer finds they did not report a Plan 3 member during an eligible period of time, start reporting compensation, employer contributions, and hours immediately. The member receives service credit immediately. The member has up to 90 calendar days from the date of discovery to select their rate option and investment program.
- A Plan 3 member working for more than one employer (in eligible positions) may establish a different rate option and investment program with each employer.
- A Plan 3 member, who separates from employment and returns to work for the same employer, may select a new rate option only if the member worked for a different employer during their separation period. If the member is rehired in a short enough time frame to cause the employer to question their opportunity to have worked for a different employer, the employer should ask the member "Did you work elsewhere between your termination and new hire dates?" Our recommendation for rehires is to review their job application for interim employment. Use this information to determine if the employee has the option to choose a new contribution rate.

## **Regarding Employer Reporting**

- When a Plan 3 member selects a contribution rate and investment program or is defaulted (rate option A, investment program SELF), the member owes contributions from the first day of the pay cycle in which the selection is made. The employer includes this information on the next transmittal report based on the employer's payroll cutoff schedule.
- Employer contributions are due from the first day of member eligibility.

- If Plan 3 rate changes are necessary following a member's birthday, employers should begin using the new rate on the first day of the following month. For example, if a member selected rate Option B and turns 35 on January 15th, the employer would deduct contributions at the rate of 6 percent, for all reportable compensation paid as of February 1. It is the employer's responsibility to track the member's age and make the appropriate adjustments.
- Employers must have the capability to report either after tax or tax-deferred dollars and inform DRS of any change in tax status.
- Employers report Plan 3 member contributions (defined contributions) "as paid" and are based on the rate in effect at the time the compensation was paid. Report Plan 2 member contributions and Plan 2/3 employer contributions (defined benefit) "as earned".
- DRS recommend that employers report the defined contribution information on their payroll cycles. The sooner DRS receives member contributions and the report detail that accompanies them, the sooner members have the opportunity to start earning on their contributions. Contact ESS to switch to multiple reports per month.

## Reporting Plan 2 and Plan 3 Members

Below are the different reporting options based on the new employee's retirement system history.

**New members** - Report all new members initially in Plan 2 unless you receive a MIF from an employee choosing Plan 3 before your first payroll cutoff. If reporting for the first time, be sure to include the Begin Date, even if it's the same as the Plan Choice date.

To report a new member who chooses Plan 2, employers must report the following to DRS after receiving the MIF:

- the Plan Choice date and
- the Plan Choice code "2c"

To report a new member who chooses or defaults into Plan 3, employers must report the following to

DRS after receiving the MIF:

- the new Plan number (Plan 3)
- the Plan Choice date
- the Plan Choice code "3c or 3d" and
- the member contribution rate and investment program selections

**Transfer members** – To report a member transferring to Plan 3 (January Transfer Option), employers must report the following to DRS after receiving the MIF:

- the new Plan number (Plan 3)
- the Plan Transfer date
- the Plan Choice code “3x” and
- the member contribution rate and investment program selections

**Plan 3 members** – To report a new employee who previously established membership in Plan 3, employers must report the following to DRS:

- the compensation, employer contributions, hours, begin date, and other information typically sent on the first transmittal report and
- no member contributions, contribution rate option, or investment program until you receive the MIF or the member defaults to rate option A
- Member contributions, contribution rate option, and the investment program upon receipt of the MIF– if you do not receive this form within 90 calendar days of the member’s date of hire, you must report Contribution Rate Option A and the SELF Investment Program.

In all cases, upon receiving the MIF, the employer includes the information listed above on the next transmittal report based on the employer’s payroll cutoff schedule. Forward the original MIF to DRS only if Section 2 is completed.

## Questions

For questions related to this document, please contact Employer Support Services (ESS) toll-free at 1-800-547-6657, option 6, then option 2, or (360) 664-7200 in the Olympia area. You may also contact ESS by e-mail at [DRSEmployer@drs.wa.gov](mailto:DRSEmployer@drs.wa.gov)