

# Purchasing an Annuity — LEOFF and WSPRS Plans 1 and 2



Washington State Department of Retirement Systems

When you retire, you can supplement your monthly benefit by making a one-time, lump sum payment to purchase an annuity. The annuity must be purchased by rolling over funds from an eligible governmental plan, such as the state's Deferred Compensation Program (DCP). The minimum rollover amount is \$25,000.

## Why would I want to purchase an annuity?

**Purchasing an annuity increases your monthly retirement benefit for the rest of your life.** An "annuity" is an investment on which you receive fixed payments for your lifetime. If you purchase one, you will continue to receive the annuity portion of your monthly benefit payment even if you return to work or return to membership. If you are eligible for an annual Cost-of-Living Adjustment (COLA) on your retirement benefit, you will receive the same COLA percentage on your purchased annuity.

## Can I buy an annuity if I'm not an active member?

**If you are inactive and eligible for retirement, you can buy an annuity when you submit your retirement application.**

## How is the annuity paid?

**The annuity you buy is a guaranteed lifetime payment that will be paid to you monthly.** You will receive one payment each month from DRS. The payment will include the combined value of your retirement benefit and the purchased annuity amount.

Your annuity will be determined by an actuarial factor that will be based on your retirement date or the date your retirement application is submitted to DRS, whichever is later.

## What happens to my annuity upon my death?

**Similar to your monthly benefit payment, the annuity portion can also be passed along to a survivor if you select a Survivor Option at the time you retire — except for LEOFF Plan 1 members and members of**

**WSPRS Plan 1 who selected Survivor Option A.** For these members, this annuity will be paid for the member's lifetime only.

If you don't select a Survivor Option (or if you are a LEOFF Plan 1 member or a WSPRS Plan 1 member who selected Survivor Option A) at the time of your death, any remaining portion of the original amount you paid for your annuity, minus any payments you have received, will be paid to your designated beneficiary(ies) or your estate.

## How can I find out how much my monthly benefit will increase?

**An online calculator is available to help you estimate how much purchasing an annuity could increase your monthly pension benefit.** To access the calculator, log in to your account on the *DRS website*.



## How do I purchase an annuity?

**To purchase an annuity, contact DRS for a copy of the Request to Purchase an Annuity form for LEOFF and WSPRS members.** Or if you are applying for retirement online, you may request an annuity purchase through that application.

Once DRS receives the completed form, or your annuity purchase request through the online retirement application, a bill will be sent to you. To pay for the annuity, you must rollover funds totaling at least \$25,000 from an eligible governmental plan, such as DCP.



## When will the increase in my benefit take place?

**Your annuity will be effective the day after DRS receives your payment or on your retirement date, whichever is later.** The two examples below describe how this works for a

retiree who has purchased an annuity that will increase his or her monthly benefit by \$450 and will be retiring effective July 1.

### Example 1

*Payment received before retirement date*

If DRS receives payment for the annuity purchase before July 1, the retiree will receive \$450 in addition to his or her regular monthly benefit amount on his or her first retirement payment, which will arrive on the last working day of July.

### Example 2

*Payment received after retirement date*

If DRS receives payment after July 1, the first payment will be prorated for that month. For example, if DRS receives the payment for the annuity on Sept. 15, the retiree will receive an annuity payment of \$225 with his or her retirement payment on the last day of September. Every month from that point forward, he or she will receive \$450 each month from the annuity.

## To contact DRS

### Call



Phone 360.664.7000  
800.547.6657  
TTY 711

### Write



Department of Retirement Systems  
PO Box 48380  
Olympia, WA  
98504-8380

### Visit



6835 Capitol Blvd.  
Tumwater, WA 98501

*Directions are available on the DRS website.*

### Hours



Monday - Friday  
8 am to 5 pm Pacific Time

### Email



[recep@drs.wa.gov](mailto:recep@drs.wa.gov)

*It might be possible for other people to read messages sent over the Internet. If you contact us by email, please include only the last four digits of your Social Security number.*

### Website



[www.drs.wa.gov](http://www.drs.wa.gov)

*You can also send us email through the DRS website. Visit the [Contact Us](#) page.*

This document is a summary. It is not a complete description of buying an annuity. State retirement laws govern your benefit. If a conflict exists between the information shown in this document and what is contained in current law, the law governs.