



How Career Transitions Affect your Retirement Accounts

If you leave or change jobs, you will have choices to make about your retirement and Deferred Compensation Program (DCP) accounts. The information below can help you make informed decisions.

1) What happens to my retirement account if I leave my job?

You have three options. You can:

- Retire (if you are eligible) and begin receiving your benefit; or
- Leave your money in your account until you are eligible to retire; or
- Withdraw your account balance.

The choice is yours. Your own unique circumstances should guide your decision. Factors to consider include:

- How close you are to retirement;
- If you plan to return to a position covered by the same retirement plan; and
- What other sources of income or savings available to you.

2) When am I eligible to retire and collect a monthly benefit payment?

If you are 55 or older you may be eligible. Plan 1 members with 30 or more service credit years can retire at any age. You can review the requirements for your retirement system (PERS, TRS, etc) and plan (1, 2 or 3) on the DRS Web site (www.drs.wa.gov). Our member page provides handbooks and brochures for each plan with details about when you can retire and any reductions or restrictions that may apply.

3) What happens to my retirement account if I change jobs within the public sector?

You continue to contribute to your retirement account if you go directly to another retirement eligible position with the state or participating public employer.

4) What happens if I have a break between jobs or I take a job working in the private sector?

The options listed in Question 1 apply.

5) Why would I want to leave money in my retirement account?

Plan 1 and Plan 2 members

After you meet age and length of service requirements, you will be entitled to monthly benefit payments for your lifetime. The money in your account will continue to earn interest until you retire or withdraw at a later date.

Plan 3 members

If you leave money in your defined contribution account, it will still be able to grow (subject to market conditions) while you maintain control of your investment choices.

6) What happens if I withdraw the money in my retirement account?

In Plan 1 and 2, withdrawing your money means you are no longer eligible to receive a retirement benefit. If you're a Plan 3 member, you can withdraw money from your defined contribution account and still receive a monthly benefit when you are eligible to retire.

7) What happens to my retirement account if or when I return to work in a public service position?

If your new position is covered by one of the state's retirement plans, the choices you made when you left employment will determine the answer:

- If you retired – you may be able to stop your benefit and return to membership or work limited hours without affecting your benefit. Contact us to discuss your options.
- If you left money in your retirement account – you will begin contributing to your retirement account again.
- If you were in Plan 1 or 2 and withdrew your money – you will begin contributing to your retirement account again and you may repay the money you withdrew, plus interest, to restore your service credit. Increasing service credit could increase your benefit when you retire. Plan 3 members don't lose service credit when they withdraw their defined contribution account.

8) What are the options for my DCP account?

If you retire or leave your public sector job – you can leave your money in your DCP account or choose to receive some or all of your account balance.

If you continue public employment – you can continue, increase, reduce or stop your contributions. In some limited circumstances, the Internal Revenue Service allows for hardship withdrawals while you are still employed. Contact our DCP unit at 1-800-547-6657 if you need to know more about this option.

9) Is the retirement benefit or DCP payment I receive taxed?

Yes. Payments you receive are subject to federal tax.

10) Where can I get help if I have additional questions?

Online: The DRS Web site (www.drs.wa.gov) is an excellent resource for information on your retirement and DCP accounts. Access your account information 24/7, use our online calculators and review publications about your plan, system and DCP account.

By phone: Reach us at 360-664-7000 (Olympia area) or 1-800-547-6657 (toll free).

In person: To discuss your account in person, please visit us at our Tumwater office.

Regardless of the choices you make about your retirement account, please be sure to keep your address and beneficiary information current.