Post 30-Year Program

Public Employees’ Retirement System (PERS) Plan 1 members who earn 30 years of service credit may choose to have their post 30-year retirement contributions placed in a separate, refundable account that earns 7.5 percent interest annually (compounded quarterly). If you elect to participate in the program, your post 30-year contributions and interest will be refunded when you retire.

However, your Average Final Compensation (AFC) at retirement will be based on the highest 24 consecutive months of compensation earned before your election date.

Your service credit must have been earned in PERS Plan 1. Dual membership service credit does not apply.

The decision whether or not you should participate in the program will depend on your individual circumstances. This brochure is designed to help you understand how participation in the program works.

Election deadline

The Department of Retirement Systems (DRS) will send you a notification letter a few months before you reach 30 years of service credit. You will have six months from the time you accumulate 30 service credit years to choose to participate in the program. If you elect to participate, beginning the month after DRS receives your election form, your future retirement contributions will be posted to a refundable account.

How does working more than 30 years affect my benefit?

If you work more than 30 years, your monthly retirement benefit calculation is influenced by two factors:

- Your salary; and
- Whether or not you choose to participate in the Post 30-Year Program.

If you do not elect to participate in the program within six months after you reach 30 service credit years, you no longer have the option to participate. If you do not participate in the program, your AFC will be based on your salary for the highest-paid 24 consecutive months of your career and all contributions will remain in your original retirement account.

If you elect to participate in the program, the effective date of election is the first of the month after DRS receives your election form. If you have not reached 30 years when the election form is received, the effective date is the first of the month after you reach 30 years.

The effective date of election is a very important consideration because your AFC will be based on earnings prior to the effective date of election. For example, if your election date is June 1, your salary for June and thereafter will not be used to determine your AFC.

If your salary will not increase after 30 years, it may be to your advantage to participate in the program. If you are not sure what your future earnings will be, you may want to discuss the program with your financial advisor.

If you would like an estimate of benefits based on your current account information, and your expected salary and leave cash out from now until your retirement date, please contact DRS and speak with a retirement services analyst. Before you make your election, you’ll need comparison benefit estimates with and without the post 30-year election. Estimates based on different election dates can be requested for comparison.
How is my benefit calculated?

Your maximum monthly retirement benefit is calculated as follows:

\[
2\% \times \text{service credit years (up to 30)} \times \text{Average Final Compensation (AFC)} = \text{maximum monthly benefit}
\]

AFC is the monthly average of your highest-paid 24 consecutive months (two years) of service. A higher AFC provides a higher benefit.

If you elect to participate in the Post 30-Year Program, only salary earned prior to your election date will be used to determine your AFC. Your projected salary beyond 30 years of service is an important consideration.

Leave cashed out at retirement may be included in your AFC period even if you elect to participate in the program.

**EXAMPLES**

These examples assume that you reach 30 years of service credit in June 2013, at the age of 54. You decide to retire in July 2015 with 32 years of service credit. Your salary for the last four years is:
- 29th Year = $48,000;
- 30th Year = $49,000;
- 31st Year = $50,000 (projected);
- 32nd Year = $51,000 (projected).

**You do not join the Post 30-Year Program**

Your highest consecutive two years of salary are: $50,000 and $51,000.

Your AFC = ($50,000 + $51,000) \div 24 \text{ months} = $4,208

**Maximum monthly benefit**

\[
= 2\% \times 30^* \times $4,208 \\
= .02 \times 30 \times $4,208 \\
= $2,525
\]

*Under the 2 percent formula, the maximum benefit amount of 60% of AFC is reached at 30 years.

**You elect to join the Post 30-Year Program**

You elect to join the program as soon as you're eligible (July 1, 2013). You work until your 32nd year and retire on July 1, 2015. Your highest consecutive two years of salary before joining the program are $48,000 and $49,000.

Your AFC = ($48,000 + $49,000) \div 2 = $48,500

**Maximum monthly benefit**

\[
= 2\% \times 30^* \times $48,500 \div 12 \\
= .02 \times 30 \times $48,500 \div 12 \\
= $2,425
\]

**Post-election refund of contributions and interest**

\[
= $6,470.58 \\
($6,060 \text{ in contributions and } $410.58 \text{ in interest})
\]

**Disbursement and tax information**

If you choose to participate in the program, you will receive your post 30-year contributions and interest when you retire from PERS Plan 1. You cannot defer receiving your post 30-year funds. However, you can roll the funds over to an Individual Retirement Account (IRA) or qualified retirement plan that accepts 401(a) plan rollovers.

If you are younger than 59½ when you retire from PERS Plan 1, and you do not rollover your post 30-year funds, there may be an additional 10 percent Internal Revenue Service (IRS) tax on your refund.


Please note that DRS staff are not authorized to give tax advice.
Summary Description

The rules governing the Post 30-Year Program are contained in state retirement law. This publication 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 publication, and what is contained in the law, the applicable law will govern.

Contact DRS

For more information about the Post 30-Year Program, contact DRS directly. DRS office hours are 8 a.m. to 5 p.m., Monday through Friday, except legal holidays.

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