

Purchasing an Annuity — TRS Plans 1, 2 and 3



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.

Why would I want to purchase an annuity?

Purchasing an annuity increases your monthly 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 even if you return to work or return to membership.

Similar to your monthly benefit, the annuity portion may also be passed along to a survivor if you select a survivor option at the time you retire. If you do not select a survivor option, any portion of your annuity remaining at the time of your death will be paid to your designated beneficiary or your estate (unless you are a TRS Plan 1 member who selected the maximum retirement benefit option; in that case, any remaining portion of your annuity will be retained in the trust fund).

If you are eligible for an annual Cost-of-Living Adjustment (COLA) on the defined benefit part of your monthly benefit, you will receive the same COLA percentage on your purchased annuity.

Can I purchase 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 purchase 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 monthly 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.

How can I determine the amount my monthly benefit will increase?

An online calculator is available to help you estimate how much purchasing an annuity could increase your monthly 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. 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 can make a one-time cash or check payment, an electronic funds transfer, or roll over funds from another tax-deferred retirement account.

When will the increase in my monthly 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 monthly benefit on the last day of September. Every month from that point forward, he or she will receive \$450 each month from the annuity.

Contacting DRS

Call



Olympia 360.664.7000
Toll free 800.547.6657
TTY 711
DCP 888.327.5596

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 PST

Email



recep@drs.wa.gov

It may 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

You can also send us email
through the DRS website.
Visit the *Contact Us* page.

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This document is a summary. It is not a complete description for purchasing 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.