



Recovery of Withdrawn or Optional Service Credit

for members of the Washington State Patrol Retirement Systems (WSPRS) Plans 1 and 2

Some WSPRS members leave active service during their career and exercise the option to withdraw their contributions from their retirement fund. Members who withdraw their contributions lose all service credit associated with the withdrawn contributions and any future benefits based on that service credit. There are three different ways to recover service credit lost due to a withdrawal of contributions.

What are the three ways to recover lost service credit?

Restoration

You return to WSPRS and complete payment within the deadline.

Dual Member Restoration

You join a retirement system other than WSPRS and restore the service withdrawn from WSPRS. The other retirement system must be a dual member system.

Service credit purchase past the deadline

You purchase withdrawn service credit after the restoration deadline passes. Purchasing after the deadline will increase your cost.

What are the rules for restoration?

Restoration rules apply to service credit lost due to withdrawal of contributions. Under restoration rules, you repay the full amount of the original withdrawal, plus recovery interest compounded from the time of withdrawal until the restoration costs are paid in full.

To qualify for restoration

You may only apply for restoration after you re-establish membership in WSPRS by working in a WSPRS-covered position. Additionally, you must return to service within 10 years of separation.

Restoration deadlines and payment options

You are required to initiate and complete restoration payments within 60 calendar months (5 years of returning to service or before retirement, whichever comes first). Payments may be made in a lump sum or in installments.

How do I pay?

You may make direct payment with either a personal or cashier's check. In many cases it's also possible to transfer funds from another eligible retirement account to pay your bill. However, DRS cannot accept funds in excess of the cost to make your purchase. You are advised to check with the administrator of your account to see if you can transfer those dollars. DRS is classified by the Internal Revenue Service as a 401(a) account.

If employment is terminated before completing restoration payment

You may continue your restoration payments even if you leave active service. If you return to service, begin restoration payments, leave your job, and again withdraw your contributions, the original deadline does not change. Any contributions or interest associated with service credit earned after the initial withdrawal will be assigned a



new deadline, if you again return to service and apply for restoration.

What are the rules for dual member restoration?

A dual member:

- Is currently an active member of WSPRS Plan 1 or 2; PERS Plan 1, 2 or 3; TRS Plan 1, 2 or 3; SERS Plan 2 or 3; PSERS Plan 2; LEOFF Plan 2; or the city retirement system of Tacoma, Seattle or Spokane; and
- Has previously been a member of one or more of these systems or the Statewide City Employees’ Retirement System (SCERS) in addition to the system in which he or she is currently a member; and
- Has never been retired from service and is not currently receiving a disability retirement benefit or disability leave benefit from any of the public retirement systems in the state of Washington.

Dual member restoration rules and deadlines apply to all dual member systems and plans

For restoration under dual membership, you must repay the amount withdrawn plus interest within 24 months (2 years) of becoming a dual member or before you retire, whichever comes first.

For more information about dual membership rights, refer to the DRS publication, *What Is Dual Membership and How Does it Affect Me?* This publication is available on the DRS Internet site.

What is optional service credit and how do I apply for it?

WSPRS members have the option to apply for service credit for periods of public service or a leave of absence that falls under rules other than normally accumulated service credit. This is referred to as optional service. Optional service can be acquired by

paying contributions within a specific time period immediately after returning to normal active service. Payment must be initiated while actively employed in a covered position. However, once initiated, payments can be completed regardless of employment status.

Common types of optional service include temporary duty disability and military service that interrupts employment.

If deadlines have passed, you can still recover optional service credit

Though it is considerably more expensive than recovering the service within the deadline, optional service can be purchased any time during membership.

If you have questions concerning any periods of time that you think may qualify as optional service, call DRS and speak with a Retirement Specialist.

What are the rules for service credit purchased past the deadline?

All WSPRS members have the option to purchase withdrawn service credit even after deadlines for normal or dual member restoration have passed. Service credit purchased under this law costs more than restorations. The cost is based on the increased value of your retirement benefit, not on the amount of withdrawn contributions.

- You may purchase service credit in increments as small as the amount earned in one month.
- You are not limited to a single purchase, and may purchase credit up until you retire.

If you would like an estimate of the cost to purchase service credit past the deadline, you may contact DRS, or use the Buy Back Calculator on the DRS website. You must contact DRS to request a billing.

Calculating the cost for service credit purchase past the deadline

DRS uses the formula below:

Part 1: Annual Average Salary x Service Credit Years to Purchase x Factor 1

Part 2: Annual Average Salary x Current Service Credit Years x (Factor 1 – Factor 2)

Total Cost = Part 1 cost + Part 2 cost

The Part 1 cost pays for the additional value of the service credit you plan to purchase. The Part 2 cost pays for the increased value of your current service credit. The value of your current service credit may increase with this purchase because you may be eligible for earlier retirement, better early retirement factors, or both. For some situations your Part 2 cost will be \$0.

The factors used in the example in the next column are for illustrative purposes only. Please see the DRS website for current factors.

Example: Purchasing service credit past the deadline

Ron is a WSPRS Plan 1 member. He left his job and withdrew his contributions. Later, he returned to another WSPRS Plan 1 job but did not restore within 60 months. He is now 50 years old with 19 years of current service credit and an annual average salary of \$55,000. He would like to purchase the two years of service credit he lost when he withdrew. His calculation is:

Part 1:

\$55,000 (annual average salary) x 2 (years to purchase) x 0.2778 (factor 1) = \$30,558

Part 2:

\$55,000 (annual average salary) x 19 (current service credit) x (0.2778 - 0.2626) (factor 1 - factor 2) = \$15,884

Total Cost = \$46,442 (Part 1 + Part 2)



Contacting DRS

For more information, about recovery of withdrawn or optional service credit, visit the website or contact DRS directly. DRS office hours are 8 a.m. to 5 p.m., Monday through Friday, except legal holidays.

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Summary Description

The rules that govern the recovery of withdrawn or optional service credit 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 conflicts between what is written in this publication, and what is contained in the law, the applicable law will govern.