

# Retirement

# OUTLOOK

## Legislature caps busy session with passage of pension-related bills

The 2010 Legislature passed several pension-related bills that were then signed into law by the governor. The most significant (summarized below) are related to public safety positions. For more information, please visit our *legislative* Web page.

### **Duty-Related Death Benefits (EHB 2519)**

This new law expands the benefits available for survivors of LEOFF and WSPRS members killed in the line of duty.

One part of the law, which applies only to LEOFF Plan 2 and WSPRS Plan 2:

- Removes the requirement that the member have 10 years of service before a survivor can receive a monthly pension or a benefit equal to 150 percent of contributions;
- Establishes a minimum benefit equal to 10 percent of the member's final average salary plus 2 percent for each year of service beyond five; and
- Eliminates reduction factors used in the calculation of a survivor's monthly benefit.

The second part of the new law, which applies to all LEOFF and WSPRS plans, entitles survivors of members killed in the line of duty to:

- An increase in the lump-sum line of duty death benefit – from \$150,000 to \$214,000;\*

*\*The increase to \$214,000 applies to duty-related deaths that occurred on or after January 1, 2009. The amount will be adjusted each year for inflation, beginning July 1, 2010.*

- An increase to the final workers' compensation lump sum benefit received by a surviving spouse who remarries; and
- Reduced educational expenses. State universities and community colleges in Washington are



required to waive tuition for eligible children and spouses.

### **Catastrophic Disability Medical Insurance Reimbursements (SHB 1679)**

This bill allows LEOFF Plan 2 members who retired because of catastrophic disability and WSPRS members who are totally disabled in the line of duty to be reimbursed for the cost of their medical insurance premiums.

Premiums eligible for reimbursement include those paid by the LEOFF Plan 2 retiree or WSPRS member for employer-provided medical insurance, COBRA or Medicare Part A and Part B. To receive reimbursement, individuals who are eligible for Medicare must enroll and maintain enrollment in Medicare Part A and Part B.

We have contacted and are working with catastrophically disabled LEOFF Plan 2 retirees eligible for the reimbursement. The Washington State Patrol is working directly with their eligible employees.

### **Shared Leave for LEOFF Plan 2 Members (SB 6453)**

Under this new law shared leave is treated the same as other reportable compensation for members of LEOFF Plan 2.

## Quickly build your DCP account with catch-up options

Have you turned 50? Are you nearing retirement age?

If so, keep in mind that it's not too late to begin or increase your deferrals to the state's *Deferred Compensation Program* (DCP). If you've been making contributions to DCP throughout your career, that's great. If not, now's a great time to take advantage of catch-up options.

In 2010, the maximum amount the IRS will allow you to defer to DCP is \$16,500. However, if you are age 50 or over, or if you are within three years of normal retirement age, you may be eligible for one of the options to the right.

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### AGE 50+ CATCH-UP

If you're age 50 or over you can make an additional contribution of \$5,500 to your DCP account. This means that you can defer up to \$22,000 in 2010.

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### THREE-YEAR CATCH-UP

This option allows you to defer up to \$33,000 during the three years before your normal retirement age.

For more information, contact the DCP Information Line at 888-327-5596 and select option 2.

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## Have you looked at our website lately?

The DRS website offers a variety of information about your pension plan. From the home page you can quickly find links that allow you to view your account balance, create an estimate of your retirement benefit, and much more.

You might be surprised at how much information is just a click away.

### **Pension plan facts**

We recently added a *Pension Plan Facts* document to the *News and Announcements* section of our website. Public pension plans have been in the news recently and this question and answer piece offers helpful information and history specific to Washington's plans.

Here's a sample of what you'll find in the *Pension Plan Facts*:

*How are the retirement plan investments doing now?*

*While the markets are still recovering from last year's downturn, they are once again showing positive returns.*

*It's important to remember that any given pension plan will experience many market ups and downs over its life cycle.*

*Investment returns are cyclical. The long term results are what matter.*

*Since 1992 (when the separate retirement funds collectively became a diversified pool of investments known as the Commingled Trust Fund), returns have averaged an overall 8.34 percent. The State Investment Board's strategies have resulted in a better performance than those of most other states, despite the difficult economic climate of late 2008 and early 2009.*

*The Washington State Investment Board regularly posts information on fund performance on its website.*

### **Online access to your account**

Accessing your retirement account is quick, easy and secure through DRS's *Defined Benefit Access*. You can check your account balance or create a retirement benefit estimate and much more within *Defined Benefit Access*. Find *Defined Benefit Access* within the *myDRS* box on the DRS website home page.

### **Forms and publications**

You'll find most DRS forms and publications on our website. Just look for the *Forms* or *Publications* link on the *Members* page.

## Our Central Reception Unit: The voices and faces of DRS

Talk to the folks in DRS' Central Reception Unit (CRU) and you'll hear a familiar theme: They enjoy the "never the same day twice" nature of working in CRU. They also enjoy helping members both on the phone and in person.

The seven people who work in CRU have more than 32 years of combined experience as the "voices and faces" of DRS. If you place a call to DRS or drop by our offices, chances are you'll either hear the voice or see the friendly face of a CRU member.

Over the years the Central Reception Unit has answered many calls. Some of the most memorable have included requests to name a pet as a beneficiary or questions about "bank account" balances. (Just for the record, a pet cannot be a beneficiary, and DRS isn't a bank.)

Through it all, CRU members continue to represent DRS with grace, knowledge and friendly smiles.

"I love my co-workers," says Amy-Jo, who supervises the unit. "They make every day here at DRS so enjoyable. The feeling that we really are helping people is pretty great, too!"

The DRS Central Reception Unit includes Robyn, Jenell, Cindy, Debbie, Selina, April and Amy-Jo.

If you need information from DRS, you can give CRU a call at 360-664-7000 or 800-547-6657 (toll free outside the Olympia area). If you're in the Olympia area, you can visit our offices at 6835 Capitol Boulevard in Tumwater. Or, you can send an e-mail to: [recep@drs.wa.gov](mailto:recep@drs.wa.gov).

However you choose to contact us, CRU will be happy to help or quickly direct you to the appropriate person in the agency.

## YOUR BENEFIT:

### How career transitions affect your retirement benefit and DCP account

If you leave or change your job, you'll have important choices to make, depending on your circumstances. You can learn more about your retirement benefits by reading: *How Career Transitions Affect your Retirement Accounts*.

Retirement Services Analysts are also available to answer your questions. You can call us (360-664-7000 or toll free 800-547-6657) or visit our offices in Tumwater.

For questions about how your health benefits are affected during a career transition, please read this information on the *Health Care Authority's* website:

- [www.pebb.hca.wa.gov/press/layoff-and-separation-from-state-service.html](http://www.pebb.hca.wa.gov/press/layoff-and-separation-from-state-service.html)
- [www.pebb.hca.wa.gov/documents/50-801-2010.pdf](http://www.pebb.hca.wa.gov/documents/50-801-2010.pdf)

You can also call the *Health Care Authority* at 360-412-4200 or toll free 800-200-1004.

### Contribution rate changes

If you're a Plan 1 or Plan 2 member of the Washington State Patrol Retirement System, your contribution rate is changing. The new contribution rate of 5.09% (an increase of 0.01%) will be in effect September 1, 2010 through June 30, 2011. The rate is changing to support the costs of 2010 legislation.

Contribution rates may also change for Plan 2 members of the Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System. The Office of the State Actuary estimates that two bills (HB 2519 and HB 1679) passed in the 2010 Legislative session will have a financial impact. The LEOFF Plan 2 Board will meet in July to decide on adopting a rate change to reflect these benefit improvements.

No other plans were affected by 2010 legislation.

# National Save for Retirement Week is October 17 – 23

## Save now – your retirement future starts today

National Save for Retirement Week is the first congressionally endorsed, national event that promotes the benefits of saving for retirement and encourages employees to take full advantage of employer-sponsored plans.

It's smart and never too late to add to your retirement savings. As you get closer to retirement, you'll thank yourself for setting aside enough income to help cover the rising costs of health care and long-term care.

Your decision to add to your savings today will result in a more secure retirement tomorrow. Be sure to take time out this week to consider your retirement goals. The links below can help you plan:

Retirement savings tips

- [www.retirementweek.org](http://www.retirementweek.org)
- [www.save4retirement.net](http://www.save4retirement.net)
- [www.dol.gov/ebsa/Publications/10\\_ways\\_to\\_prepare.html](http://www.dol.gov/ebsa/Publications/10_ways_to_prepare.html)
- [www.nagdca.org/content.cfm/id/ns4rw](http://www.nagdca.org/content.cfm/id/ns4rw)
- [www.dfi.wa.gov/consumers/news/2010/washington-saves.htm](http://www.dfi.wa.gov/consumers/news/2010/washington-saves.htm)

### DCP can help you save more now

- It's easy to add to your savings with the Deferred Compensation Program (DCP). The minimum to get started is only \$30 per month (\$15 per pay period).\*
- If you're already a participant in DCP, see the article on page 2 that explains when and how you're able to defer more of your salary.

\*Check with your employer to find out if DCP is available to you.

## Fitness clubs offer discounts

Being physically active. It's the cornerstone of good health.

"If there's one single thing, that one 'silver bullet' related to good health, it's physical activity," says Scott Pritchard, Director of Washington Wellness.

*Washington Wellness* offers many resources that encourage the state's employees and their families to maintain good health. One of these resources is the Fitness Club Discount Program. To date, more than 125 fitness clubs around the state have signed on. The discount type and amount varies from club to club.

Health officials have long known that lifestyle choices play a greater than 50 percent role in determining health. Other factors such as genetics, environment and health care together make up the remaining health determinant factors.

But the biggest factors are lifestyle choices. And being physically active is one of the best lifestyle choices you can make.

Other clubs are welcome to join. Pritchard says that, if the club you currently belong to is not on the list, there's a form on the website that makes it easy for them to sign up.

For more information, visit the *Washington Wellness* website.



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