

# Retirement

# OUTLOOK

## SCPP, LEOFF Plan 2 Board propose legislation

The 2010 legislative session is underway. Four pension bills recommended by the Select Committee on Pension Policy (SCPP) and two recommended by the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 Board are under consideration during this session.

The SCPP is recommending:

- Authorizing the Higher Education Coordinating Board to offer higher education retirement plans to some of its employees;
- Allowing educational employees in PERS and SERS Plans 2 and 3 to receive half-time service credit for periods before 1987 when they worked half-time but did not receive service credit under the laws in place at that time;
- Providing additional benefit options to survivors of LEOFF Plan 1 members who die before retirement; and
- Authorizing the Washington State Institute for Public Policy to continue exploring the options presented in its 2009 study of disability benefits in PERS, SERS and TRS Plans 2 and 3.

The SCPP studies issues affecting the state's public retirement systems and makes recommendations to the Legislature. The committee includes legislators, representatives of both active and retired employees, representatives of public employers and the directors of the Office of Financial Management and DRS.

The LEOFF Plan 2 Board is recommending:

- Allowing employees of local governments to receive service credit for shared leave they have received and used. Currently, when state employees use



shared leave it is treated the same as compensation in the calculation of a pension benefit. This bill, if passed, would make that practice consistent between state and local government for LEOFF Plan 2 members.

- Making a number of changes to the benefits provided to survivors of officers and fire fighters who are killed in the line of duty, including:
  - » Removing the requirement that the member have 10 years of service before a survivor can receive a monthly pension benefit;
  - » Removing the "Joint and 100 percent survivor" factor used in determining the survivor's monthly benefit (which calculates it as though the member had retired and chosen to provide an ongoing benefit to a beneficiary after the member's death); and
  - » Increasing the amount of the \$150,000 duty-related death benefit and adjusting the value of this benefit annually for inflation.

The LEOFF Plan 2 Board studies pension issues; sets contribution rates and recommends LEOFF Plan 2 pension policy to the Legislature. Board members are fire fighters, police officers, employer representatives and legislators.

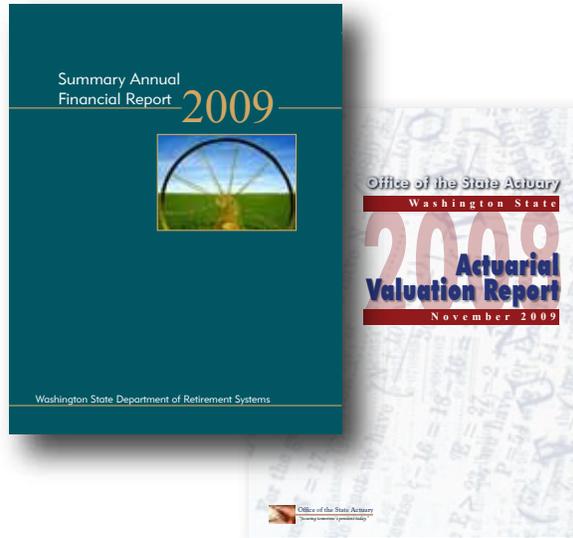
The Legislation page of the DRS Web site will keep you up to date on the status of 2010 pension bills.

## Retirement plan data is available online

Two different reports with information about Washington's retirement systems are now available online.

The [2009 Summary Annual Financial Report](#), prepared by DRS, is an overview of retirement plan membership, financial data and investment performance.

The [2008 Actuarial Valuation Report](#), produced by the Office of the State Actuary, contains information on the funding status of the retirement plans, as well as the data, assumptions and methods used to develop contribution rate recommendations.



## Retirees say planning is the key

*P.J. and Cal Sanders see their retirement plan come together*



P.J. and Cal Sanders enjoying the Canadian Rockies in July last year.

The happy couple shared a toast as they took in the view of Lake Louise and the gorgeous Canadian Rockies. It was one of those perfect moments. Literally. It was five minutes and six seconds past four o'clock on July 8, 2009. In other words, it was 4, 5, 6, 7, 8, 9.

If ever a plan came together, this was it.

Having just retired July 1 after working together for 29 years in the Vehicle Services unit with the Department of Licensing, P.J. and Cal Sanders were enjoying the first "fruits" of their long-anticipated life after retirement. The couple may have been celebrating one special moment in time, but it had taken years of planning to get to that moment.

### *Start your planning early*

"You have to plan," Cal says when asked what advice he has for others nearing retirement, "and the first thing to plan is your finances. You don't want many surprises."

"The first thing we did was start a DCP (Deferred Compensation Program) account," adds P.J., who had more than 33 years of experience with the state. "We've had ours since 1985 and we've contributed regularly. You have to have a cushion beyond your retirement benefit."

The Sanders say that attending several DRS retirement seminars throughout their careers was also helpful for them. They learned something new at each one.

### *Do your "homework"*

"You have to plan, but you also have to do research and you have to discuss retirement," P.J. says. "Get to know people in the different agencies like DRS, PEBB [Public Employees Benefits Board] and Social Security that are involved in retirement. We've found there are many nice people that work in the agencies you need to contact in order to retire."

## Your account information – day or night

Once you register for DRS's [Defined Benefit Access](#), you can securely access your defined benefit retirement account data whenever you like. Review your contact information, beneficiary designation, contributions, service credit, employment history or annual statement – any time of the day or night.

You can also estimate your retirement benefit with this online tool. Use your current data or create estimates using different retirement dates, service credit and/or salary amounts. And you can see the difference in your benefit if you choose to take an early retirement or provide for a survivor.

For more information, check out the [Defined Benefit Access](#) page or call us at 800-547-6657.

## Coming soon

United States<sup>®</sup>  
**Census  
2010**

The 2010 U.S. Census will begin in March when the Census Bureau distributes a form to each residence in the United States. The goal is to count every U.S. resident.

It's important to keep in mind that the census is about more than determining the U.S. population. Census data also helps decide how more than \$400 billion in annual federal funding will be distributed for hospitals, job training centers, schools, senior centers, infrastructure (bridges, tunnels and other public works projects) and emergency services.

In addition, the data determines the number of seats Washington will have in the U.S. House of Representatives.

Everybody we've met along the way has been terrific. So the people and resources are out there to help you."

As they neared retirement, P.J. and Cal also met with a financial advisor.

"Being Plan 1 members, the biggest decision for us at retirement was whether to buy the (optional) COLA," says P.J. "This decision, and also the decision about survivorship, would have been very difficult without seeing a financial advisor."

*"You have to plan," Cal says when asked what advice he has for others nearing retirement, "and the first thing to plan is your finances. You don't want many surprises."*

### **Enjoy what you've earned**

P.J. and Cal have been retired for several months now and the many years of planning have paid off.

Since retiring, they have been "seeing the world" and visiting family as much as possible. "We also plan to volunteer and help out in the community," says Cal.

"We want to have a purpose," adds P.J. "We're not couch potatoes and plan to be just as active as we've always been...if not more so."

## DCP can help you save for retirement

Interested in learning more about the retirement savings program P.J. and Cal Sanders mentioned? Ask your employer about the Washington State Deferred Compensation Program (DCP). With DCP, you can choose the amount you would like to defer from your paycheck (ranging from a minimum of \$30 to a maximum of \$1,375 a month) and select from several different investment options offered through the Washington State Investment Board.

DCP has a simple enrollment process; lower fees than many other investment products; and an easy process for rolling over money from other qualified programs. No federal income tax is withheld from your DCP contribution and you're able to change the amount of your contributions at any time.

To learn more, visit the DCP Web site or call 888-327-5596.

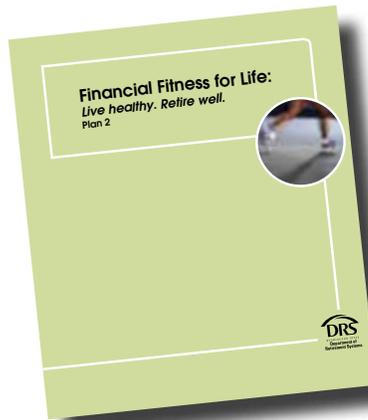
**DCP**

## 2055 Retirement Strategy Fund became available in January

The 2055 Retirement Strategy Fund became available as an investment option January 4, 2010. This fund was designed for Plan 3 members and Deferred Compensation Program participants born in 1988 or later. Every five years, a new Retirement Strategy Fund is added to our investment lineup for younger investors who have entered the workforce.

Retirement Strategy Funds are intended for those who prefer "One-Step Investing." Each of the 12 funds has a diversified mix of equities and bonds that automatically adjusts and rebalances as you move toward your target date (the date you will retire or begin withdrawing your funds).

## Ready to start planning for retirement?



We want to make sure you have all of the information you need to make the retirement decisions that are best for you. If you are within five years of retirement, register for one of our retirement planning seminars. At the seminar, representatives from DRS will discuss the retirement plans and the Deferred Compensation Program.

Representatives from the Social Security Administration, Public Employees Benefits Board (health care) and VEBA (a medical expense reimbursement plan) will also provide you with information you need to successfully navigate the retirement process. Register online or call us at 888-711-6676 (360-664-7300 in the Olympia area).

## WSIB corner



Theresa Whitmarsh

Theresa Whitmarsh, who has been serving as Acting Director of the Washington State Investment Board (WSIB), has been appointed Executive Director. The WSIB manages investments for state pensions and several other trust funds.

Whitmarsh had been the WSIB's Chief Operating Officer since 2003, where she was responsible for investment support operations, technology, research, risk and compliance.

"It is a great honor to be selected for this position," Whitmarsh said. "Despite these challenging economic times, my first and foremost priority is to ensure the financial integrity and security of every fund for which we invest by continuing to manage those funds at a prudent level of risk

for the benefit of retirement plan members and all of the other fund beneficiaries that we serve."

Whitmarsh said other major priorities include strengthening the WSIB's program to identify and manage risk, continuing efforts to improve portfolio performance by holding company directors accountable for their actions, and designing and implementing strategies to seize new investment opportunities and bolster returns.

Her 25-year career in business and government spans insurance, health care and investments. Before joining the WSIB, Whitmarsh spent seven years developing and selling data analysis products for a leading health care data company. She also served at the Washington State Department of Labor and Industries, running the industrial insurance fund, one of the largest workers' compensation funds in the United States.



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