

# PERS Plans 1, 2 and 3 Judicial Benefit Multiplier Program

Washington State Department of Retirement Systems



The Judicial Benefit Multiplier (JBM) Program provides judicial members of the Public Employees' Retirement System (PERS) with an increased retirement benefit multiplier.



## What is a benefit multiplier?

**A benefit multiplier is the percentage used, along with your service credit years and Average Final Compensation (AFC), to set your retirement benefit.** The JBM Program increases the multiplier for Plans 1 and 2 to 3.5% and for Plan 3 to 1.6%. The multiplier for non-JBM service is typically 2% for Plans 1 and 2, and 1% for Plan 3. Plan 1 members could have a different benefit multiplier in certain circumstances.



## Do I have to participate in the JBM Program?

**You must participate in the JBM Program if you established PERS membership in a judicial position on or after Jan. 1, 2007, in one of the following courts:**

- Supreme Court
- Court of Appeals
- Superior court
- District court
- Municipal court



## Will I be in the JBM Program if I'm not a PERS member yet?

**You must join PERS first.** Once a member, you must participate in

the JBM Program and will begin accruing service credit at the higher benefit multiplier.

You won't be able to increase your benefit multiplier for any judicial service you might have earned before joining PERS.



## Do I have to become a PERS member?

**If you are in an elected judicial position, joining PERS is optional.** However, if you are in an appointed judicial position, you are required to be in PERS if your position is eligible for PERS membership. Your employer determines whether your position is eligible.



## What are the JBM Program's provisions?

**If you are in the program, you:**

- Accrue service credit at a higher benefit multiplier for judicial service
- Are subject to the JBM benefit cap
- Won't be able to contribute to the Judicial Retirement Account (JRA)
- Don't have the option to increase past judicial service to the higher benefit multiplier

## Questions answered inside

*Which plan will I be in if I have to participate in the JBM Program?*

*If I participate in the JBM Program, can I transfer to Plan 3?*

*Will the higher benefit multiplier apply to all my service credit?*

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*How do I earn service credit?*



## Which plan will I be in if I have to participate in the JBM Program?

**If you are a past member of PERS, you will continue in your previous plan.**

If you were not a member of PERS before Jan. 1, 2007, you will be required to be a member of Plan 2.



## If I participate in the JBM Program, can I transfer to Plan 3?

**If you were a Plan 2 member, as a JBM Program participant, you might have the option to transfer to Plan 3 during the annual January transfer window.**

Here are the requirements:

- You were in an eligible position with a state agency or higher education employer before March 1, 2002, or you were in an eligible position with a local government employer before Sept. 1, 2002.
- You didn't choose Plan 3 during the transfer window.

To transfer from Plan 2 to Plan 3, complete a *Member Transfer Form* and give it to your employer. For more information on transferring to Plan 3, *contact DRS* or visit our *website*.



## Can I increase the judicial service credit I earned before joining JBM?

**If you joined the JBM Program between Jan. 1, 2007, and Dec. 31, 2007, you will have a chance when you retire to increase the multiplier for prior judicial service.**

However, if you were mandated into the program after Jan. 1, 2007, you can't increase the multiplier for any periods of judicial service before joining the JBM Program.



## Will the higher benefit multiplier apply to all my service credit?

**It applies only to the judicial service credit you earn after you begin participating in the JBM Program.** Any service earned before you joined JBM will be calculated using the multiplier for that system and plan.



## Will my benefit be capped as part of the JBM Program?

**Yes. If you are Plan 1 or Plan 2, your benefit will be capped at 75% of your AFC.**

If you are in Plan 3, your defined benefit will be capped at 37.5% of your AFC.



## How will my benefit be calculated in the JBM Program?

**The retirement benefit formula is:**

$$\text{Benefit multiplier} \times \text{years of service credit} \times \text{AFC} = \text{retirement benefit}$$

Here are the benefit multipliers:

- Plans 1 and 2 judicial service earned in the JBM Program: 3.5%
- Plan 3 judicial service earned in the JBM Program: 1.6%
- Non-JBM service: Calculated using your regular benefit multiplier (that is, 2% for Plans 1 and 2 and 1% for Plan 3)

The AFC used in your calculation:

- Plan 1 member: The average of your highest consecutive 24 months of salary
- Plan 2 or Plan 3 member: The average of your highest consecutive 60 months of salary

JBM benefit cap:

- Plan 1 or Plan 2 member: Total benefit cannot exceed 75% of your AFC
- Plan 3 member: Total benefit cannot exceed 37.5% of your AFC



## What will my contribution rate be?

**JBM participants must contribute a portion of their compensation, as reported by their employers to DRS (see the table below).**

### Contribution Rates as of December 2015

| PERS Plan | Supreme Court<br>Court of Appeals<br>Superior Court | District Court<br>Municipal Court  | Member<br>Contribution<br>Rate* |
|-----------|---|------------------------------------|---------------------------------|
| Plan 1    | 9.76%<br>(Plan 1 rate +<br>3.76%)                   | 12.26%<br>(Plan 1 rate +<br>6.26%) | 6%                              |
| Plan 2    | 12.8%<br>(250% x Plan 2<br>rate - 2.5%)             | 15.3%<br>(250% x Plan 2<br>rate)   | 6.12%                           |
| Plan 3    | At least 7.5%                                       | At least 7.5%                      | Minimum 5%                      |

\* The Plan 1 member contribution rate is set in statute. The Plan 2 rate is variable. For more information on member contribution rates, see your plan handbook.



## If in Plan 3 when I become a judge, must I participate in the program?

**If you are an active member when you become a judge and do not change employers, your contribution rate will increase to 7.5%. If you are an inactive member**

or change employers when you become a judge, you will have a choice of contribution rates ranging from 7.5% to 15%. For more information, see the *PERS Plan 3 Member Handbook*.



## If I participate in the JBM Program, may I buy additional service credit?

**Yes. Regardless of whether you choose to join the JBM Program, you may purchase up to five years of additional service credit at the time you apply for retirement.** The additional service credit you purchase isn't considered actual membership service credit and can only be purchased once you qualify for retirement. This increase is in addition to the 75% maximum benefit and will be calculated at the 3.5% multiplier.

Buying service credit increases your monthly benefit. For more information, read the *Purchasing Additional Service Credit* brochure online.

### Benefit Calculation Examples

| PERS Plan   | Scenario   | Calculations  |  |
|---|--|---|--|
| Plan 1 and Plan 2                                 | You have 20 years of service credit when you retire, and your AFC is \$10,000. You earned 10 years of service credit before entering the JBM Program. Then you earned 10 years in the JBM Program. | <b>Non-JBM Service</b><br>2% x 10 years (20%)<br>x \$10,000 = \$2,000                       | <b>JBM Service</b><br>3.5% x 10 years<br>(35%) x \$10,000 =<br>\$3,500   |
|   |  | <b>Total Benefit = \$5,500</b>  |  |
| Plan 1 and Plan 2<br>(with Benefit Capped at 75%) | You have 30 years of service credit when you retire, and your AFC is \$10,000. You earned 15 years before entering the JBM Program. Then you earned 15 years in the JBM Program.                   | <b>Non-JBM Service</b><br>2% x 15 years (30%)<br>x \$10,000 = \$3,000                       | <b>JBM Service</b><br>3.5% x 15 years<br>(52.5%) x \$10,000 =<br>\$5,250 |
|   |  | <b>Uncapped Benefit = \$8,250</b><br>(75% x \$10,000) <b>Total Capped Benefit = \$7,500</b> |  |
| Plan 3 (Defined Benefit Portion)*                 | You have 20 years of service credit when you retire, and your AFC is \$10,000. You earned 10 years before entering the JBM Program. Then you earned 10 years in the JBM Program.                   | <b>Non-JBM Service</b><br>1% x 10 years (10%)<br>x \$10,000 = \$1,000                       | <b>JBM Service</b><br>1.6% x 10 years<br>(16%) x \$10,000 =<br>\$1,600   |
|   |  | <b>Total Defined Benefit = \$2,600*</b>   |  |

\* Plan 3 members have both defined benefit and defined contribution components to their retirement benefits. For more information, visit the *DRS website*.

## How do I earn service credit?

**How you earn service credit as a judge or justice is based on whether you are in an appointed or elected position.**

### Appointed position

Plan 1 member: You receive service credit as stated below.

- *At least 70 hours = 1 service credit month*
- *Fewer than 70 hours = 0.25 service credit month*

Plan 2 or Plan 3 member: You receive service credit as stated below.

- *90 or more hours = 1 service credit month*
- *At least 70 but fewer than 90 hours = 0.5 service credit month*
- *Fewer than 70 hours = 0.25 service credit month*

### Elected position

Plan 1 member: You earn one month of service credit for each month in which you earn compensation in your elected position, even if you are appointed to your elected position. You cannot earn more than one month of service credit for any month even if you are employed by another PERS-covered employer.

Plan 2 or Plan 3 member: For each month you earn more than 90 times the state minimum wage, you receive service credit as stated below.

- *90 or more hours = 1 service credit month*
- *At least 70 but fewer than 90 hours = 0.5 service credit month*
- *Fewer than 70 hours = 0.25 service credit month*

For more information about how service credit is earned for your position, see the elected officials publications on the *DRS website* or *contact DRS*.

## To contact DRS

|   |   |  |
|---|---|--|
| <p><b>Call</b></p> <p>Phone 360.664.7000<br/>800.547.6657<br/>TTY 711</p>    | <p><b>Write</b></p> <p>Department of Retirement Systems<br/>PO Box 48380<br/>Olympia, WA<br/>98504-8380</p>  | <p><b>Email</b></p> <p><a href="mailto:recep@drs.wa.gov">recep@drs.wa.gov</a></p> <p>It might 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.</p>  |
| <p><b>Visit</b></p> <p>6835 Capitol Blvd.<br/>Tumwater, WA 98501</p> <p><i>Directions are available on the DRS website.</i></p>  | <p><b>Hours</b></p> <p>Monday - Friday<br/>8 am to 5 pm Pacific Time</p>                                     | <p><b>Website</b></p> <p><a href="http://www.drs.wa.gov">www.drs.wa.gov</a></p> <p>You can also send us email through the DRS website. Visit the <i>Contact Us</i> page.</p>    |

This document is a summary. It is not a complete description of the Judicial Benefit Multiplier Program. State retirement laws govern your benefit. If a conflict exists between the information in this document and what is contained in current law, the law governs.