



## Temporary Layoffs/Furloughs 2009-2011 Frequently Asked Questions

**About the legislation:** Senate Bill (SB) 6157 allows any compensation lost by a Public Employees' Retirement System member due to a furlough to be included in the Average Final Compensation (AFC) used to calculate a member's retirement benefit. SB 6503 adds employees who work for a state agency or institution and are members of the Washington State Patrol, Law Enforcement Officers' and Fire Fighters', Public Safety Officers', and Teachers' retirement systems. Furlough periods before July 1, 2009 or after June 30, 2011 are not covered by this legislation.

**NOTE:** These laws only provide for lost compensation due to a furlough and do not address lost service credit.

### 1) What is a furlough?

A furlough is a reduction in your salary due to reduced work hours. The term may also apply if you request to voluntarily reduce your hours and salary.

**For the furlough to be included in your AFC or Final Average Salary (FAS), it must be an integral part of your employer's efforts to reduce expenditures.**

### 2) Does this affect me?

It affects you only if your AFC/FAS period includes the 2009-2011 biennium and you were subject to a furlough.

### 3) How does a furlough affect my retirement benefit?

Your earnings, service credit and retirement benefit calculation may be affected as follows:

**Your earnings:** If you experience a furlough, there will be a reduction in your earnings reported to us by your employer. The reduction could be a small amount per month, or full months of leave without pay. DRS will confirm the furlough impact on your earnings with your employer.

**Your service credit:** Depending on your retirement plan and the length of the furlough, your service credit may be affected. You will be granted service credit (either full or partial) based on the hours of service your employer reports each month. If you're a member of Plan 2 or Plan 3, and you lose service credit due to a furlough, you have the option to purchase the lost time as an authorized leave of absence. There is no such provision for Plan 1 members.

**Your retirement benefit calculation:** Your AFC/FAS period is determined by using your highest consecutive service credit month earnings.

### 4) How will my employer report my earnings to DRS?

Employers have been instructed to report the actual hours you worked and the compensation you earned. Contributions will be taken based on the actual compensation you earned.