

DRS

What Is Dual Membership and How Does It Affect Me?

If you are an active member in any of the retirement systems listed below and you once belonged to another of these systems, you may be eligible for benefits under the provisions for dual membership. Dual member systems and plans include:

- Public Employees' Retirement System (PERS) Plans 1, 2 and 3
- Teachers' Retirement System (TRS) Plans 1, 2 and 3
- School Employees' Retirement System (SERS) Plans 2 and 3
- Public Safety Employees' Retirement System (PSERS) Plan 2
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2
- Washington State Patrol Retirement System (WSPRS) Plans 1 and 2
- First Class City Retirement Systems for Seattle, Spokane and Tacoma
- Statewide City Employees' Retirement System (SCERS) – If you were a member of SCERS, contact a DRS Retirement Services Analyst for complete information about dual membership.

How Do I Qualify?

You qualify for dual membership if you meet ALL of the following criteria:

- You are currently a member of one of the dual member systems listed above.
- You previously contributed to a dual member system other than the one to which you now belong.
- You have not retired from any Department of Retirement Systems (DRS) administered system.
- You are not receiving disability retirement or disability leave benefits from any DRS-administered retirement system.

Note: If you are employed at the same time in a SERS-eligible position and a PERS-eligible position, different rules apply. Contact DRS for more information.

What Are the Advantages of Dual Membership?

Dual membership has three advantages:

- You may be eligible to restore service credit withdrawn from any other dual member system without having to become an active member in that system.
- You may combine service credit earned in all dual member systems to become eligible for retirement.
- You may use your highest base salary in a dual member system to calculate your retirement benefit.

Restoring contributions and service credit

If you become a dual member, you may be eligible to restore contributions and service credit that you previously withdrew from any other dual member system. To restore, you must repay the withdrawn contributions plus interest within 24 months of becoming a dual member.



You can find out more about restoring contributions and service credit, or purchasing service credit, by reading the DRS publication *Recovery of Withdrawn or Optional Service Credit*.

Retirement eligibility for dual members

As a dual member, you may combine service credit in all dual member systems to become eligible for retirement. If your combined service makes you eligible to retire under any dual member system, you may elect to retire from all dual member systems to which you belong.

If you are younger than the system’s minimum retirement age, you may:

- Defer receiving a benefit until you reach normal retirement age under the plan; or
- Begin receiving an early retirement benefit.

Although you can combine service from all systems to become eligible for retirement, the amount of the benefit you will receive is determined by the rules of each individual system. Retirement eligibility rules from the dual member systems are as follows:

<p>PERS and TRS Plan 1 Normal retirement is:</p> <ul style="list-style-type: none"> • Any age with at least 30 service credit years, or • Age 55 with at least 25 service credit years, or • Age 60 with at least 5 service credit years. 	<p>PERS, SERS and TRS Plan 2 Normal retirement is age 65 with at least 5 service credit years. Early retirement is age 55 with at least 30 service credit years, or age 55 with at least 20 service credit years.</p>
<p>PSERS Plan 2 Normal retirement is:</p> <ul style="list-style-type: none"> • Age 65 with at least 5 service credit years, or • Age 60 with at least 10 years of PSERS service credit <p>Early retirement is age 53 with at least 20 service credit years.</p>	<p>PERS, SERS and TRS Plan 3 Normal retirement is age 65 with:</p> <ul style="list-style-type: none"> • At least 10 service credit years, or; • 5 service credit years, including 12 service credit months earned after age 44; or • At least 5 service credit years that were earned under Plan 2 before: <ul style="list-style-type: none"> » July 1, 1996 for TRS » September 1, 2000 for SERS » June 1, 2003 for PERS <p>Early retirement is age 55 with at least 30 service credit years, or age 55 with at least 10 service credit years.</p>
<p>LEOFF Plan 2 Normal retirement is age 53 with at least 5 service credit years. Early retirement is age 50 with at least 20 service credit years.</p>	<p>SCERS The Statewide City Employees’ Retirement System was closed to new members in 1972. Contact DRS for more information.</p>
<p>WSPRS Plan 1 and 2 may retire from active status at:</p> <ul style="list-style-type: none"> • Any age with at least 25 service credit years, or • Age 55 with any service credit. <p>WSPRS Plan 1 and 2 may retire from inactive status at:</p> <ul style="list-style-type: none"> • Age 60 with at least 5 service credit years, or • Age 55 with at least 5 service credit years. 	<p>First Class Cities The Seattle, Tacoma and Spokane city retirement systems are not administered by DRS. If you need information, contact the appropriate system directly. Phone numbers are listed on page 8.</p>

If you receive a disability retirement from your active system, you remain eligible to receive a service retirement benefit from each of your inactive dual member systems. Benefits from your inactive system may be reduced. Contact a DRS Retirement Services Analyst for further information.

Benefit calculation

Under dual membership, you receive a separate defined benefit from each of your systems. All dual member systems have service retirement benefit calculations that are composed of three factors:

- Service credit
- Highest average earnings
- A multiplier (usually two percent, or one percent for the defined benefit portion of SERS, TRS and PERS Plan 3)

Service Credit: The benefit you receive from each system will be based on the service credit you accumulated in that system.

Highest Average Earnings: Each retirement system and plan uses its own criteria to establish your highest average earnings in the benefit calculation. For instance, Plan 1 systems use a two-year highest average while Plan 2 and Plan 3 use a five-year highest average.

Under dual membership, DRS will establish your highest average earnings using two methods. You will be awarded the higher benefits.

- Each system calculates your service retirement defined benefit based on the compensation earned in that system; or
- The highest base salary from any one system may be used to determine the highest average earnings factor when calculating the retirement benefit for another dual member system. (If you are eligible to retire retroactively, your base salary is salary earned before the date your combined service in both dual member systems makes you eligible for an early retirement benefit. However, if your highest average earnings are after the first date you are eligible to retire, you may choose to

retire at a later date.) Base salary means salaries or wages earned during a payroll period for personal services. The base salary includes wages and salaries deferred under federal tax codes.

Base salary does not include:

- » Non-money maintenance compensation;
- » Cash outs for deferred annual sick leave, unused accumulated vacation or unused accumulated annual leave;
- » Any form of severance pay; or
- » Fringe benefits.

Effective July 22, 2007, base salary can include overtime and other cash payments, if these payments can be used in all of the dual systems you are retiring from (excluding WSPRS).

How Does the Maximum Benefit Limitation Affect a Dual Member?

Several retirement systems have rules that set a maximum benefit. In some plans a retiree may not receive a benefit in excess of a certain percent of his or her average earnings.

Retirement systems with maximum benefit limitations:

- WSPRS Plan 1 and 2 – 75% of highest average earnings
- TRS Plan 1 – 60% of highest average earnings
- PERS Plan 1 – 60% of highest average earnings
- First Class Cities – Seattle and Tacoma, 60% of highest average earnings; Spokane, 64.5% of highest average earnings

If one of your retirement systems has a maximum benefit limitation, DRS will:

1. Determine the maximum benefit. DRS computes the benefit for each system as if all career service and earnings occurred in that system. The system with the highest benefit establishes the maximum benefit.

2. Determine the individual benefit. DRS will determine each system's benefit and add the individual benefits together.
3. Compare the total of the individual benefits with the maximum. If the total exceeds the maximum benefit, the individual benefits will be proportionately reduced until the total equals the maximum benefit.

Effective July 22, 2007, the maximum benefit limitation does not apply to a dual member with:

- Less than 15 years of service credit in a plan with a retirement benefit cap; and
- Service in a plan with no retirement cap.

How Is My Retirement Benefit Affected by Dual Membership?

DRS has created the following examples to illustrate some of the common ways that dual membership may affect a member's retirement benefit. The administrative factors used in these examples are for illustrative purposes only. See the Administrative factors page for the most current numbers. This is not a complete listing of dual membership scenarios. Please contact DRS if your particular situation is not addressed here or if you need more information.

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EXAMPLE 1

Earlier retirement date

Lee is 52 years old and has four service credit years

in LEOFF Plan 2 and 21 years in PERS Plan 1. Under dual membership rules, Lee can combine his service credit from the two systems to qualify for retirement. Under PERS Plan 1, Lee cannot qualify for retirement until age 55 with at least 25 service credit years. Since Lee has at least 20 years of service credit and is at least age 50, he qualifies under LEOFF Plan 2 eligibility rules.

Dual membership allows Lee to retire immediately and collect reduced benefits from both systems.

EXAMPLE 2

Immediate retirement, but benefits are significantly reduced

Vickie is 57 years old. She is a former Washington State Patrol Officer. She now works for a state agency and is a member of PERS Plan 2. She would like to retire as soon as possible without drastically reducing her retirement income. Vickie's accumulated service credit and average monthly earnings are:

WSPRS Plan 1	14 years	\$3,000
PERS Plan 2	8 years	\$3,000

Since Vickie is an **inactive** State Patrol Officer, she is not eligible for a normal retirement until age 60. If she chooses to retire at age 57, her benefit will be reduced to 73.6% of its full value to reflect the early retirement.

WSPRS Plan 1 benefit

$$2\% \times 14 \times \$3,000 = \$840 \text{ (full benefit)}$$

$$73.6\% \times \$840 = \$618.24 \text{ (reduced benefit)}$$

PERS Plan 2 benefit

Vickie is not eligible for a normal retirement until age 65. Her early retirement benefit would be reduced to 43.5% of its full value.

$$2\% \times 8 \times \$3,000 = \$480 \text{ (full benefit)}$$

$$43.5\% \times \$480 = \$208.80 \text{ (reduced benefit)}$$

EXAMPLE 2 CONTINUED**Total monthly benefits at age 57**

At age 57, Vickie's total benefits would be \$827.04 (\$618.24 + \$208.80)

If Vickie delays retirement...

If Vickie remains in PERS Plan 2 for three more years, she will be able to claim a normal retirement from WSPRS on the basis of her age.

WSPRS Plan 1 benefit

$2\% \times 14 \times \$3,000 = \840 per month

PERS Plan 2 benefit

At age 60, she will be eligible for a PERS Plan 2 early retirement that is 58.8% of full value based on 11 years of service rather than eight years.

$2\% \times 11 \times \$3,000 = \660 per month (full benefit)

$58.8\% \times \$660 = \388.08 (reduced benefit)

Total monthly benefits at age 60

If Vickie continues to work until age 60, her total benefits will be \$1,228.08 (\$840 + \$388.08). That's a 48% increase in Vickie's benefit, or nearly \$400 per month.

EXAMPLE 3**Base salary enhances total benefit**

Ellen is age 65. She worked for 10 years as a teacher under TRS Plan 1. She spent the last 15 years of her career under PERS Plan 3. Ellen's service credit and highest average monthly earnings are:

TRS Plan 1	10 years	\$1,600
PERS Plan 3	15 years	\$3,000

Because she is eligible for a normal retirement from both systems based on her age and service credit, she does not need to use dual membership to qualify. Ellen chooses to retire as a dual member and use her base salary from PERS Plan 3 to calculate her TRS Plan 1 benefits.

EXAMPLE 3 CONTINUED**Designating the base salary for TRS benefit**

Ellen earned an average monthly salary of \$3,000 during her two-year highest average period in PERS. This is Ellen's base salary.

The following calculations demonstrate Ellen's benefit using individual system earnings and using the base salary.

Calculating the PERS Plan 3 benefit

$1\% \times 15 \times \$3,000 = \450 per month

Calculating the TRS Plan 1 benefit

TRS Plan 1 benefit using TRS salary

$2\% \times 10 \times \$1,600 = \320 per month

TRS Plan 1 benefit using PERS Plan 3 base salary

$2\% \times 10 \times \$3,000 = \600 per month

Total benefits

Based on individual system rules

\$770 per month (\$450 + \$320)

Using the PERS base salary

\$1,050 per month (\$450 + \$600)

Ellen will have a choice in selecting her TRS Plan 1 retirement date and may receive a retroactive payment. For more information, contact a DRS Benefits Specialist.

EXAMPLE 4**Salary earned after retirement does not increase benefit**

Mary works for four years in PERS Plan 1, then terminates employment and does not withdraw her contributions. Later, at age 33, she returns to employment as a teacher in TRS Plan 1, becoming a dual member. She works for another 23 years as a teacher and terminates employment at age 56 with 27 years of combined service.

Because she is over age 55 and has more than 25 years of combined service, she is immediately eligible to retire from TRS.

EXAMPLE 4 CONTINUED

Her retirement date from PERS could be retroactive, as she would have been eligible had she not continued employment as a teacher. Since she had 26 years of service when she reached her 55th birthday, her retirement date in PERS could be the first day of the month following her 55th birthday. Mary could also choose to retire at any date thereafter.

If Mary chose the retroactive retirement date for PERS, the highest average earnings used to calculate her benefit could be her TRS base salary from her 25th and 26th years of combined service – the 24 months immediately before her PERS eligibility date – but she could not use her TRS base salary after her chosen PERS retirement date to increase that benefit.

EXAMPLE 5**Dual membership rules do not increase benefit**

Joe is age 60 and is an active PERS Plan 1 member. He has 30 years of TRS Plan 1 service and five years of PERS Plan 1 service. His TRS Plan 1 highest average earnings were \$3,500. His PERS Plan 1 highest average earnings were \$1,500. If he retires separately from TRS Plan 1 and PERS Plan 1, his benefit would be calculated as:

TRS Plan 1 benefit

$$2\% \times 30 \text{ years} \times \$3,500 = \$2,100$$

PERS Plan 1 benefit

$$2\% \times 5 \text{ years} \times \$1,500 = \$150$$

His retirement benefit total would be \$2,250 (\$2,100 + \$150)

If Joe elected to retire under dual membership rules, he could use his TRS highest average earnings to determine both his TRS and PERS retirement benefit.

EXAMPLE 5 CONTINUED**TRS Plan 1 benefit**

$$2\% \times 30 \text{ years} \times \$3,500 = \$2,100$$

PERS Plan 1 benefit

$$2\% \times 5 \text{ years} \times \$3,500 = \$350$$

However, under dual membership rules, the system with the highest benefit establishes the maximum benefit. And since TRS Plan 1 has a maximum benefit limitation of 60% of average earnings, Joe's benefit under dual membership would be limited to \$2,100 (60% x \$3,500).

In this example, Joe would receive a higher benefit by retiring from each system independently and not by using dual membership rules. Contact DRS for more information.

EXAMPLE 6**Maximum benefit rule limits benefit**

Tom is age 60. He has accumulated service credit in TRS Plan 1 and in PERS Plan 1. Both plans have a maximum benefit of 60% of average earnings. Tom's service and highest average annual earnings are as follows:

TRS Plan 1	20 years	\$3,400
PERS Plan 1	11 years	\$3,500

Calculating the maximum dual benefit

DRS calculates Tom's maximum benefit as if all career service and earnings had been in a single Plan 1 system. TRS Plan 1 average annual earnings are derived from the highest two consecutive fiscal years. PERS Plan 1 average monthly earnings are derived from the highest consecutive 24 months. Tom's highest average monthly earnings are \$3,500. Sixty percent of \$3,500 is \$2,100, the maximum monthly benefit.

EXAMPLE 6 CONTINUED**Calculating the TRS benefit**

Tom worked for 20 years in TRS Plan 1. His highest average monthly earnings are \$3,400, but his dual member highest average earnings are \$3,500. His TRS benefit was calculated as:

$$2\% \times 20 \times \$3,500 = \$1,400 \text{ per month.}$$

Calculating the PERS benefit

Tom has 11 years in PERS Plan 1. His highest average monthly earnings were \$3,500. His PERS benefit was calculated as:

$$2\% \times 11 \times \$3,500 = \$770 \text{ per month.}$$

Proportional reduction

The total of the TRS Plan 1 (\$1,400) and PERS Plan 1 (\$770) benefits is \$2,170. This exceeds the allowable maximum benefit (\$2,100) by \$70. DRS will reduce Tom's TRS and PERS benefits to create a combined benefit equal to the maximum benefit of \$2,100. The reduction is the proportional amount of service in each system compared to the total service.

Calculating the reduced benefits

Twenty years of TRS service divided by 31 total years is 64.5%. $64.5\% \times \$70 = \45.15 , the reduction to the TRS benefit.

$$\text{The reduced TRS benefit: } \$1,400 - \$45.15 = \$1,354.85.$$

Eleven years of PERS service divided by 31 total years = 35.5%. $35.5\% \times \$70 = \24.85 , the reduction to the PERS benefit.

$$\text{The reduced PERS benefit: } \$770 - \$24.85 = \$745.15.$$

The individually reduced benefits for TRS (\$1,354.85) and PERS (\$745.15) combine to make a total benefit of \$2,100, which is the maximum benefit.

Independent benefits

Tom also has the option to retire from each system independently. The maximum benefit rule would

not apply in this case. If he chooses to retire from each system independently, Tom's benefits would be calculated as:

$$\text{TRS Plan 1: } 2\% \times 20 \times \$3,400 = \$1,360$$

$$\text{PERS Plan 1: } 2\% \times 11 \times \$3,500 = \$770$$

Tom's total benefits received after retiring from each system independently would be \$2,130 (\$1,360 + \$770).

EXAMPLE 7**Defer receipt for one system until normal retirement is available**

Dave is age 60 and is an active PSERS Plan 2 member. He has 20 years of PSERS Plan 2 service and eight years of PERS Plan 3 service. His PSERS highest average earnings were \$3,500. His PERS highest average earnings were \$1,500. Dave is eligible for a normal retirement under PSERS, but if he takes his PERS defined benefit at age 60, it will be reduced to 58.8% of its full value to reflect the early retirement.

PSERS Plan 2 benefit at age 60

$$2\% \times 20 \times \$3,500 = \$1,400$$

PERS Plan 3 Defined Benefit at age 60

$$1\% \times 8 \times \$3,500 = \$280 \text{ (full benefit)}$$

$$58.8\% \times \$280.00 = \$164.64 \text{ (reduced benefit)}$$

If Dave defers his PERS benefit until his normal retirement at age 65, he would receive the full benefit amount.

PERS Plan 3 Defined Benefit at age 65

$$1\% \times 8 \times \$3,500 = \$280$$

Dave can retire from PSERS at age 60 and collect his benefit. He can then defer receipt of his PERS Plan 3 Defined Benefit until his normal retirement at age 65 when he will receive full benefits, or take an early retirement at age 60 and receive a reduced benefit.

Contacting DRS

For more information about dual membership, visit the website or contact DRS directly. DRS office hours are 8 am to 5 pm, Monday through Friday, except legal holidays.

Website: www.drs.wa.gov

Telephone: 800.547.6657 or
360.664.7000 in the Olympia area

TTY: 711

Email: recep@drs.wa.gov

Address: PO Box 48380
Olympia, WA 98504-8380

For information about a First Class city retirement, system call:

Seattle 206.386.1292

Tacoma 253.502.8200

Spokane 509.625.6330

MultiDualMem_4/2015

Summary Description

The rules governing dual membership 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 any conflicts between what is written in this publication, and what is contained in the law, the applicable law will govern.