

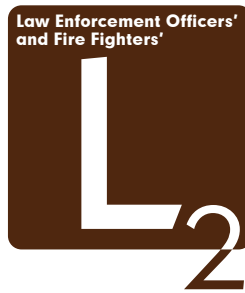
# LEOFF Plan 2 Handbook

Law Enforcement Officers' and Fire Fighters'  
Retirement System

January 2020

WASHINGTON STATE  
Department of Retirement Systems





## Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) — Plan 2

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# Welcome to the Law Enforcement Officers' and Fire Fighters' Retirement System



## LEOFF Plan 2 summary

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### **LEOFF Plan 2 is a defined benefit plan.**

When you meet plan requirements and retire, you are guaranteed a monthly benefit for the rest of your life.

### **Your monthly benefit will be based on your earned service credit and compensation while a member of LEOFF Plan 2.**

This formula will be used to calculate your monthly benefit:

$$2\% \times \text{service credit years} \times \text{Final Average Salary} = \text{monthly benefit}$$

### **You, your employer and the state each contribute a percentage of your salary or wages to help fund the plan.**

The LEOFF Plan 2 Retirement Board adopts contribution rates and periodically adjusts them to reflect the overall cost of the plan.

### **You are vested in the plan when you have five years of service credit.**

Once you are **vested**, you have earned the right to a future monthly benefit. If you leave your job and withdraw your contributions, however, you give up your right to a benefit.

### **You are eligible to retire with a full benefit at age 53 if you have at least five years of service credit.**

Retirement before 53 is considered an **early retirement**. If you have at least 20 years of **service credit** and are at least age 50, you can choose to retire early, but your benefit might be reduced.

### **If the unexpected happens — disability or death before retirement — a benefit might be available.**

If you become totally incapacitated and leave your job as a result, you might be eligible for a disability retirement benefit.

If you die before you retire, your spouse, registered **domestic partner** or minor child, if applicable, could be eligible to receive a benefit based on your years of **service credit**.







### **Log in to or sign up for online access to your retirement account.**

Track your contributions and service credit. Read the latest newsletter. Update your **beneficiary** information or email address. Use your individual data to estimate your monthly benefit. And when you're ready, apply for retirement. You can get started at [drs.wa.gov/oaa](https://drs.wa.gov/oaa).

## How to contact the Department of Retirement Systems

The Washington State Department of Retirement Systems (DRS) administers the Law Enforcement Officers' and Fire Fighters' Retirement System and the Deferred Compensation Program (DCP).

### To contact DRS

<p><b>Call</b> </p> <p>360.664.7000 800.547.6657 TTY 711</p>	<p><b>Write</b> </p> <p>Department of Retirement Systems PO Box 48380 Olympia, WA 98504</p>	<p><b>Email</b> </p> <p>General inquiries: <a href="mailto:drs.contact@drs.wa.gov">drs.contact@drs.wa.gov</a></p> <p>Send a secure message through your online account: <a href="https://drs.wa.gov/oa">drs.wa.gov/oa</a></p>
<p><b>Visit</b> </p> <p>6835 Capitol Blvd. SE Tumwater, WA 98501</p> <p>See the DRS website for directions.</p>	<p><b>Hours</b> </p> <p>Monday - Friday 8 am to 5 pm Pacific Time</p>	<p><b>Website</b> </p> <p><a href="https://drs.wa.gov">drs.wa.gov</a></p> <p>You can also send email through the Contact Us page on the DRS website.</p>

### To contact DCP

<p><b>Call</b> </p> <p>888.327.5596 TTY 711 Fax 866.745.5766</p>	<p><b>Email</b> </p> <p><a href="mailto:savewithwa@empower-retirement.com">savewithwa@empower-retirement.com</a></p>	<p><b>Website</b> </p> <p><a href="https://drs.wa.gov/savewithwa">drs.wa.gov/savewithwa</a></p>
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#### Privacy of your information

We are committed to protecting the privacy of your personal account information, including your Social Security number, which we use to track your account and submit required reports to the IRS. We will not disclose your information to anyone unless we are required to do so by law.

If you have insurance coverage through the [Washington State Health Care Authority](#) (PEBB or SEBB for example), we could share your information with HCA to better serve you.

#### Handbook summary

This handbook is not a complete description of your retirement benefit under Plan 2 of the Law Enforcement Officers' and Fire Fighters' Retirement System. State retirement laws govern your benefit. If any conflicts exist between the information shown in this handbook and what is contained in current law, the law governs.

#### Glossary

Terms highlighted in **bold** print appear in the glossary of terms on page 16.

## How your plan works

### Overview

LEOFF Plan 2 is a 401(a) **defined benefit** plan. When you retire, you will receive a monthly benefit for the rest of your life that is based on your earned service credit and your **Final Average Salary** (FAS). Even though the contributions you make help to fund the plan overall, they don't factor into the monthly benefit you receive.

### Membership in LEOFF Plan 2

You are eligible for LEOFF Plan 2 membership if you were hired on or after Oct. 1, 1977, as a full-time, fully compensated and fully commissioned law enforcement officer or fire fighter.

Law enforcement officers: A law enforcement officer is someone who works for a LEOFF employer and is fully commissioned and empowered to enforce the laws of the state of Washington. These positions include:

- County and deputy sheriffs
- Police chiefs
- City police officers (if appointed to offices, positions or ranks that a city charter provision or ordinance specifically designates)
- Town marshals and deputy marshals
- General authority law enforcement officers a state university or port district employs
- Directors of public safety and public safety officers (if cities or towns whose populations are less than 10,000 employ them)

The following positions are excluded from LEOFF membership:

- Noncommissioned people in positions that are primarily clerical or secretarial
- Deputy sheriffs who have not passed a civil service exam
- Directors of public safety or public safety officers in cities or towns whose populations are less than 10,000, if they were receiving a LEOFF retirement allowance on July 25, 1993

Fire fighters: A fire fighter is someone who has the legal authority and primary responsibility to direct or perform fire protection activities (preventing, controlling and extinguishing fires). Secondary fire protection activities might include incidental functions, such as housekeeping, equipment maintenance, grounds maintenance, fire safety inspections, lecturing, performing community fire drills, and inspecting homes and schools for fire hazards. Supervisory fire fighter personnel meet the criteria of a fire fighter.

The following positions are excluded from LEOFF membership:

- Fire fighters who have not completed a civil service exam (if the employer requires it)
- Volunteer or resident volunteer fire fighters

Membership in LEOFF might be optional for some elected or appointed officials. Please contact DRS if you are elected or appointed to the Legislature or another state elective office.

### Previous membership in another Washington state public service retirement system

Membership in another of Washington's public service retirement systems (including the city retirement systems of Seattle, Tacoma and Spokane) can affect your:

- Eligibility for LEOFF Plan 2 membership
- Eligibility to retire
- Benefit calculation

If you have ever been a member in another of Washington's retirement plans, it is important that you contact us to confirm your eligibility and discuss your retirement options.

If you have earned service credit in another of the state's public retirement systems, you may be able to combine your LEOFF service credit with credit you earned in the other system(s). For more information, read the [What Is Dual Membership and How Does It Affect Me?](#) publication.

### Contributing to the plan

You are required to contribute a percentage of your salary or wages to your retirement plan. This includes overtime and tax-deferred wages, but it doesn't include severance pay or cash payments for unused sick or vacation leave.

If you have questions about the compensation your employer reports for you, please contact your employer.

The state's and your employer's contributions are also based on a percentage of your salary or wages. They aren't matching funds, and you cannot withdraw them if you leave public service.

When you retire, the monthly benefit you receive will have been funded over time by your contributions, the state's contributions, your employer's contributions and investment earnings. The [LEOFF Plan 2 Retirement Board](#) adopts contribution rates and periodically adjusts them to reflect the overall cost of the plan. The Legislature has the final decision on contribution rates.

Federal law limits the amount of compensation you can pay retirement **system** contributions on and that can be used in your benefit calculation. The amount can be adjusted each year (see the current [IRS limit](#)). If you reach the limit in any calendar year, you don't pay contributions for the remainder of the year and any salary earned over that amount isn't used in your pension calculation.

### Earning service credit

**Service credit** is based on the number of hours you work, which your employer reports to DRS. When you retire, your service credit is a part of your monthly benefit calculation.

You receive one service credit month for each calendar month in which you are compensated for 90 or more hours of work. No more than one month of service credit can be earned each calendar month, even if more than one employer is reporting hours you work.

You receive half a service credit if you work fewer than 90 hours but at least 70 hours. You receive one quarter a service credit for any calendar month in which you receive compensation for fewer than 70 hours in a calendar month.

### Designating your beneficiary

The **beneficiary** information you give DRS tells us the person(s) you want to receive your remaining benefit, if any, after your death. You can submit or update your beneficiary information at any time before retirement in your [online retirement account](#). Sign up for or log in to your account. Then select **My Account** > **View/Edit** (beside **Beneficiary**). You have the option of submitting a paper [Beneficiary Designation](#) form instead, if you prefer.

If you don't submit this information, any benefits due will be paid to your surviving spouse or minor child. If you don't have a surviving spouse or minor child, we will pay your estate.

Be sure to review your beneficiary designation periodically and update it in your online retirement account if you need to make a change. If you marry, divorce or have another significant change in your life, be sure to update your beneficiary designation because these life events might invalidate your previous choices.

State-registered **domestic partners**, according to RCW 26.60.010, have the same **survivor** and death benefits as married spouses. Contact the [Secretary of State's Office](#) if you have questions about domestic partnerships.

### When you will be vested

Once you have at least five years of **service credit** in LEOFF, you have a **vested** right to a retirement benefit.

If you leave LEOFF employment before you're eligible to retire, you can choose to either leave your contributions in the plan, where they will continue to earn interest, or you can withdraw your contributions. If you have 10 or more years of LEOFF service credit, you can withdraw 150% of your accumulated contributions.

If you decide to withdraw your contributions, you give up your right to a future LEOFF retirement benefit. See "Returning to public service" on page 7 to find out more about re-establishing your benefit rights in certain circumstances.

### When you will be eligible to retire

You are eligible to retire at age 53 if you have at least five years of **service credit**.

Options to retire earlier are available (see "Early retirement" on page 11), but your benefit will be reduced to reflect that you will be receiving it over a longer period of time. To retire early, you must be at least 50 and have 20 or more years of service credit.

If you have at least 20 years of service credit and leave LEOFF-covered employment before age 53, you don't have to retire immediately. You can wait until age 53 to retire. If you do, your benefit will increase by about 3% per year from the date you leave LEOFF-covered employment until the date you reach age 53.

### How your monthly benefit will be calculated

Your benefit is determined by your **service credit** years and compensation. When you retire, this formula will be used to calculate your benefit:

$$2\% \times \text{service credit years} \times \text{FAS} = \text{monthly benefit}$$

**Final Average Salary (FAS)** is the average of your 60 consecutive highest paid service credit months. Any severance pay or lump sum payment for unused sick leave or vacation/annual leave is not included.

### Example

#### Using the formula

If you retire at age 53 with 20 years of service credit and a monthly Final Average Salary of \$8,000, your monthly benefit is \$3,200, calculated as follows:

$$2\% \times 20 \times \$8,000 = \$3,200$$

## Planning for retirement

Even though retirement might seem far away, planning for it now is one of the best things you can do for yourself and your family. Your monthly benefit will be an important part of your income in retirement, but it is just a portion of what you will need. How do you begin developing your personal plan for retirement? First, estimate how much money you will need. That can vary based on factors that include:

- The retirement lifestyle you'll want
- Your health
- Whether you'll carry debt into retirement
- Your life expectancy

Next, estimate how much money you will receive from all sources, such as Social Security, personal savings and other employer pension plans. When you compare this number with what you think you will need, you can adjust your savings plan accordingly.

Many tools can help you with your planning. Here are some on the [DRS website](#):

- [Live webinars](#) are available to attend online. Topics include Plan 2, Plan 3, plan choice, the Deferred Compensation Program (DCP), distributions from Plan 3, investment basics and Social Security basics.



- Retirement seminars are available to attend in person. You can also watch seminars when it's convenient for you on the DRS [Retirement Seminars](#) webpage. Topics include Plan 1, Plan 2, Plan 3, DCP, Social Security and health care options, and the Voluntary Employees' Beneficiary Association (VEBA).
- The benefit estimator within your [online account](#) can calculate your monthly benefit based on a variety of scenarios (for example, different retirement dates) using your actual account data. If you haven't already registered for this service, it takes just a few minutes to do so.
- The [Deferred Compensation Program](#) (DCP) is a special type of savings program that helps you invest for the retirement lifestyle you want to achieve. Unlike traditional savings accounts, DCP is tax-deferred. That means it lowers your taxable income while you are working and it delays payments of income on your investments until you withdraw your funds. Contributions are automatically deducted from your paycheck, so saving is easy. You can start with as little as \$30 per month. You can also let your contributions grow with percentage deductions.

Be sure to revisit your plan periodically and adjust for any changes in your professional and personal life.

## Milestones/life changes

### Becoming vested

When you have at least five years of **service credit** in LEOFF Plan 2, you have a **vested** right to a retirement benefit. This is a significant milestone in your public service career.

## Leaving public service

If you leave LEOFF employment, you can choose to either leave your contributions in the plan until you're eligible to retire or withdraw them. The IRS requires that you begin taking payment of your monthly benefit no later than age 70½, unless you are still employed.

Leaving LEOFF-covered employment is the only circumstance in which you can withdraw your contributions. Doing so cancels any rights and benefit you have accrued in LEOFF. If you have 10 or more years of LEOFF service credit, you can withdraw 150% of your accumulated contributions. You can restore your contributions and re-establish your benefit only in certain circumstances (see the next section).

There are tax implications to withdrawing your contributions, so you might want to contact the IRS or a tax advisor before making a decision. The [Withdrawal of Retirement Contributions](#) publication offers more detailed information.

Be sure to keep us up to date on any name or address changes. Also keep your **beneficiary** designation current, because a divorce, marriage or other change might invalidate it.

## Returning to public service

If you leave your position, withdraw your contributions and later return to LEOFF work, you might be able to restore your previous **service credit**. To do so, you must repay the total amount of the contributions you withdrew plus interest within five years of returning to work or before you retire, whichever comes first. Contact us to find out that amount.

A **dual member**, or someone who belongs to more than one retirement **system**, might be able to restore service credit earned in a retirement system other than LEOFF.



Each time you become a dual member, you'll have 24 months to restore service credit earned in a previous retirement system.

It might still be possible to purchase service credit after the deadline has passed. However, the cost in that case is considerably higher.

See more at [Plan 2 Recovery of Withdrawn or Optional Service Credit for PERS, SERS, TRS, PSERS and LEOFF](#). You might find helpful information in [What Is Dual Membership and How Does It Affect Me?](#)

## Marriage or divorce

Marrying, divorcing or separating can affect your monthly benefit.

### **Court-ordered property division**

A court-ordered property division could affect your benefit. As long as the order complies with applicable laws, we will pay a monthly benefit to your ex-spouse according to the division. The publication [How Can a Property Division Affect My Retirement Account?](#) contains detailed information.

### **Updating your beneficiary**

The **beneficiary** information you give DRS tells us the person(s) you want to receive your remaining benefit, if any, after your death. You can submit or update your beneficiary information at any time before retirement in your [online retirement account](#). Sign up for or log in to your account. Then select **My Account** > **View/Edit** (beside **Beneficiary**). You have the option of submitting a paper [Beneficiary Designation](#) form instead, if you prefer.

If you marry or divorce before you retire, you need to update your beneficiary information, even if your beneficiary remains the same. It's very important to keep it up to date.

## If the unexpected happens

### **Temporary leave from your job**

You might need to take a temporary leave from your job because of:

- Military service
- An authorized leave of absence
- A temporary disability

If so, you might be able to obtain **service credit** for work time missed while you were on leave.

### **Service credit for military service**

If you left your position for uniformed military service, you might be eligible to receive service credit for that period. To qualify, you must:

- Apply for a position with the same LEOFF employer within 90 days of receiving an honorable discharge
- Pay the contributions within five years of returning to employment or before you retire, whichever comes first; contributions might not be required if your military service occurred during certain periods of war and you earned a campaign medal

If you become totally incapacitated as a result of serving in the United States military, you (or your surviving spouse or children, in the case of your death) can apply for military **service credit** without returning to employment.

See [Military Service Credit](#).

### **Service credit for an unpaid, authorized leave of absence**

You could be able to earn up to two years of service credit for an authorized unpaid leave of absence. To do so, you must:

- Return to work in a LEOFF-covered position
- Pay your contributions with interest as well as your employer's contributions with interest for the period of time you were on leave

You must complete payment within five years of returning to employment or before you retire, whichever comes first. Find out more at [Recovery of Withdrawn or Optional Service Credit for PERS, SERS, TRS, PSERS and LEOFF](#).

If you're a law enforcement officer and your employer authorizes a part-time leave of absence, you can buy part-time service credit when you return to full-time employment.

### **Disability before retirement**

In some cases, you can obtain **service credit** for work time missed while you were on leave for a temporary disability. If you become totally incapacitated and leave your job as a result, you might be eligible for a disability retirement benefit. Refer to [LEOFF Plan 2 — Disability Benefits](#) or call us for information.

### **Death before retirement**

If you have fewer than 10 years of service credit at the time of your death, your contributions plus interest will be paid to your beneficiary.

If you have 10 or more years of service credit at the time of your death, your spouse (or the guardian of your minor children, if you aren't married) can choose to receive either a lump sum payment of 150% of your contributions plus interest or a monthly benefit. If you don't have a surviving spouse or minor children, your contributions plus interest will be paid to your beneficiary or estate.

The monthly benefit will be calculated as if you had retired and chosen a 100% survivor benefit (see Option 2 on page 12 in the "Ready to retire" section of this handbook).

If your surviving spouse dies while receiving the benefit, your minor children will receive the benefit that was being paid to your surviving spouse. The benefit will be divided equally among the children, and each will receive their portion until they turn 18.

### **Death as a result of an injury or occupational disease sustained during employment**

If the [Department of Labor & Industries \(L&I\)](#) determines that your death was the result of injuries sustained during the course of employment or an occupational disease or infection that arose from your employment, your **beneficiary** will be entitled to a one-time, duty-related death benefit.

Your surviving spouse or registered domestic partner and dependent children could also be eligible for health care and education benefits. For more information, contact DRS.

In addition, your surviving spouse, partner or, if none, the guardian of your minor children will be eligible to choose one of the following:

- A lump-sum payment of 150% of your contributions
- A monthly benefit equal to 10% of your FAS plus 2% of your FAS for each year of service beyond five years (which isn't reduced for a survivor option and isn't taxable)

### **If your surviving spouse or partner remarries**

As of July 24, 2015, after L&I stops the benefit due to remarriage, your surviving spouse or domestic partner can request equivalent payments from DRS. If they chose the lump sum option before remarriage, the equivalent benefit payments from DRS will be reduced.

Your survivors are entitled to free health care benefits through the [Public Employees Benefits Board \(PEBB\)](#). Health care is paid for your survivor's lifetime and for your children until they are no longer eligible under PEBB rules.

### **Disaster response benefits and service credit**

There are certain circumstances, on or after March 22, 2014, when you might qualify for disaster response benefits and service credit. In all situations listed below, your death or disability must have occurred while you were in eligible federal service providing eligible emergency management services.

### **Death benefit while working for a LEOFF Plan 2 employer**

Your surviving spouse or registered domestic partner, or if none, the guardian of your minor child or children might qualify for an unreduced death benefit if you leave the employment of your LEOFF Plan 2 employer to provide a disaster response, and you die on or after March 22, 2014. The benefit will be a minimum 10% of your Final Average Salary.

### **Disability benefit while working for a LEOFF Plan 2 employer**

You might qualify for a disability benefit if you leave the employment of your LEOFF Plan 2 employer to provide a disaster response, and you become disabled on or after March 22, 2014. Your benefit won't be reduced if you retire early. The benefit will be a minimum 10% of your Final Average Salary.

### **Service credit for leave of absence while working in eligible federal service**

You might qualify for service credit for your leave of absence if you become disabled when you leave LEOFF Plan 2 employment to provide a disaster response, on or after March 22, 2014. Your surviving spouse or registered domestic partner, or if none, the guardian of your minor child or children may qualify for this service credit if you die as a result of this federal service.

## **Approaching retirement**

### **Retirement planning checkup**

Consider taking time to check in on your retirement planning. Have you analyzed how much you will need and how much you will have in retirement? Has anything in your plan changed? Have you joined the state's [Deferred Compensation Program \(DCP\)](#) or another supplemental savings program?

Things to consider:

- Identify your retirement lifestyle goals. Will you want to travel the world or stay close to home? Different lifestyle choices can mean different financial goals.
- Take care of your health. The cost of medical care can be one of the largest expenses you incur in retirement. Getting regular checkups now and maintaining a healthy lifestyle can have an impact on what those costs will be when you retire.
- Pay down debt. Debt lessens the money you have available to save. Paying off debt while you're still generating a paycheck will affect how much you have to save and give you greater flexibility in retirement.
- Sign up for DCP or another similar savings vehicle. (It's never too late to get started.) If you're already saving with DCP or another plan, consider increasing your contribution amount. Making even a small increase can make a big difference over the long run. Use the [calculator](#) on the DCP website to see the impact different contribution amounts could have. Here's an important tip: If you're age 50 or older, the IRS allows a higher contribution limit, which enables you to save even more in your DCP account if you choose.

These questions are key as you approach retirement:

- How much income will you need in retirement?
- What will your monthly benefit be?
- How will your benefit change if you work past age 65 or you decide to retire early?
- Will you want to increase your benefit by purchasing additional **service credit**?
- What other income will you have available to you in retirement?

This section can help you find the answers. If you haven't already signed up for an [online account](#), consider doing so. With this account, you can calculate your benefit using different scenarios and your individual account information.

## Service retirement

You are eligible to retire when you are age 53 and have at least five **service credit** years. This formula will be used to calculate your benefit:

$$2\% \times \text{service credit years} \times \text{FAS} = \text{monthly benefit}$$

FAS is the average of your 60 consecutive highest paid service credit months. Any severance pay or lump sum payment for unused sick leave or vacation/annual leave is not included.

### Example

#### Service retirement

If you retire at age 53 with 20 years of service credit and a monthly Final Average Salary of \$4,700, your monthly benefit is \$1,880 each month, calculated as follows:

$$2\% \times 20 \times \$4,700 = \$1,880$$

If your monthly benefit is less than \$50, you can choose to take a lump sum retirement benefit. (It's likely that only a member who retires early on disability or as a **dual member** would receive this type of payment.) If you receive a lump sum payment, you are considered retired from LEOFF.

## Early retirement

Any retirement before age 53 is an **early retirement**. If you retire early, your benefit will be reduced to reflect that you will be receiving it over a longer period of time. Your benefit depends on how much service credit you have earned and your age.

### Reduced benefit

Age	% of Option 1 benefit
50	91%
51	94%
52	97%
53	100%

## Retiring as a dual member

If you are a member of more than one Washington state retirement **system**, you are a **dual member**. You can combine **service credit** earned in all dual member systems to become eligible for retirement.

In most cases, your monthly benefit will be based on the highest base salary you earned, regardless of which system you earned it in. Base salary includes your wages and overtime and can include other cash payments if those payments are included as base salary in all the retirement systems you are retiring from.

### Example

#### Dual member

If you retire at age 53 with three years of service credit from LEOFF Plan 2 and four from the Public Employees' Retirement System (PERS) Plan 2, you are a dual member. Without dual membership, your service wouldn't be eligible for a monthly benefit from either system. With dual membership, your service credit is combined, giving you enough to retire. Your benefit is calculated with service from that system alone. Here's the calculation:

$$2\% \times 3 \text{ (LEOFF service credit years)} \times \text{Final Average Salary (FAS)} = \text{LEOFF benefit}$$

$$2\% \times 4 \text{ (PERS service credit years)} \times \text{FAS} = \text{PERS benefit}$$

$$\text{LEOFF benefit} + \text{PERS benefit} = \text{total monthly benefit}$$

For more information, read the publication [What Is Dual Membership and How Does It Affect Me?](#)

## Estimating your benefit

If you are within five years of retirement, we encourage you to review your [online account](#) and use the online benefit estimator to determine how much your benefit might be. You can use this estimator at any point in your career.

If you expect to retire within the next year, contact us through your [online account](#) or call to request a written estimate of your benefit.

## Annuity options

An annuity is a guaranteed income plan you purchase. When retiring, LEOFF Plan 2 members have two [available annuities](#).

**LEOFF Plan annuity:** With this annuity, the retirement benefit increase you receive is based on the dollar amount you choose to purchase. While there is no maximum amount, a minimum purchase of \$25,000 is required. The funds to purchase this annuity must come from an eligible governmental plan, such as your DCP savings. Estimate the monthly retirement income increase through the "Purchase an Annuity" calculator in your [online account](#).

**Service credit annuity:** This annuity allows you to add up to 60 months to your service in the final pension calculation. Purchased service credit does not actually increase the number of years you've worked and won't help you qualify for retirement, but it can make a big impact when it comes to your pension benefit! Estimate the monthly retirement income increase as well as the annuity cost through the "Purchasing Service" calculator in your [online account](#).

So how do you fund these annuities? Many members use their DCP savings account. For more information about these annuities, see [DRS annuities](#).

## Ready to retire

### Applying for retirement online

To apply online, go to your [online account](#) and either sign up for or log in to your account.

The online retirement application will display only what you need based on your retirement **system**, plan and retirement eligibility rules. Follow the step-by-step instructions and electronically submit the application to us when you're ready.

### Applying for retirement on paper

Request a retirement application from us. Turn in the completed application with all required signatures and documentation, including proof of age for your **survivor** if you choose a Survivor Option (see Options 2, 3 and 4).

If you're purchasing **service credit**, complete and turn in your *Request to Purchase Retirement Service Credit* form with your application.

## Your benefit options

When you apply for retirement, you will choose one of the four benefit options shown below. Once you retire, you can change your option only in limited, specific circumstances, so select carefully.

### Option 1 Single Life

This option pays the highest monthly amount of the four choices, but it is for your lifetime only. No one will receive an ongoing benefit after you die. If you die before the benefit you have received equals your contributions plus interest (as of the date of your retirement), the difference will be paid in a lump sum to your designated **beneficiary**.

## Option 2

### Joint and 100% survivor

Your monthly benefit under this option is less than the Single Life Option. But after your death, your **survivor** will receive the same benefit you were receiving for their lifetime.

## Option 3

### Joint and 50% survivor

This option applies a smaller reduction to your monthly benefit than Option 2. After your death, your survivor will receive half the benefit you were receiving for their lifetime.

## Option 4

### Joint and 66.67% survivor

This option applies a smaller reduction to your benefit than Option 2 and a larger reduction than Option 3. After your death, your survivor will receive 66.67% (or roughly two-thirds) of the benefit you were receiving for their lifetime.

### You must get consent in certain circumstances

If you are married, legally separated or a registered domestic partner and do not leave a survivor option for your spouse/partner, the law requires their consent to your choice. If their notarized consent is not provided on your retirement application, your benefit will be calculated at Option 3 and they will be the designated survivor.

## Health insurance coverage

Ask your employer if you will be eligible for health insurance coverage through the [Public Employees Benefits Board \(PEBB\)](#) once you retire. You can also call the Health Care Authority at 800-200-1004 or visit [www.hca.wa.gov](http://www.hca.wa.gov).

If you qualify for continuing coverage, you must meet strict timelines to apply or request a deferral. If you are not entitled to PEBB coverage, you might be eligible for health insurance your employer provides. For more information, consult your employer.

## Federal benefit limit

When you retire, your benefit could be limited if it exceeds the federally allowed amount. It can be adjusted annually for inflation (see the current [IRS limits](#)). Members hired before Jan. 1, 1990, have different limits. When we process your benefit estimate, we will notify you if your benefit exceeds the limit.

Few retirement **system** members should be impacted by this limit. If you think it could impact you, call us for additional information.

## Federal tax on your monthly benefit

Most, if not all, of your benefit will be subject to federal income tax. The only exception will be any portion that was taxed before it was contributed. When you retire, we will let you know if any portion of your contributions has already been taxed.

Since most public employers deduct contributions before taxes, it's likely your entire retirement benefit will be taxable.

At retirement, you must complete and submit a federal [W-4P form](#) to let us know how much of your benefit should be withheld for taxes.

If you don't, IRS rules require withholding as if you are married and claiming three exemptions. You can adjust your withholding amount at any time during retirement by completing a new [W-4P form](#).

For each tax year you receive a retirement benefit, we will provide you with a 1099-R form to use in preparing your tax return (see the [1099-R guide](#)). These forms are usually mailed at the end of January for the previous year. The information is also available through your [online account](#).

It is your responsibility to declare the proper amount of taxable income on your tax return.



## Legal actions

In general, your monthly benefit is not subject to assignment or attachment. However, it could be subject to court and administrative orders issued under federal law or for spousal maintenance and child support. You can find more information in the publication [Can Legal Action Affect My Retirement Account?](#)

## When and how your benefit will be paid

After you retire, your retirement benefit will be paid at the end of each month and directly deposited in your financial institution account. You must enter your banking information in your [online retirement account](#) or complete the [Direct Deposit Authorization](#) form as part of your retirement application.

If you need to change your financial institution once you've started your retirement, just update your information in your online account or send us a new authorization form. In rare cases, if you are unable to receive payment by direct deposit, payment will be mailed at the end of each month.

## Once you retire

### Cost-of-Living Adjustment (COLA)

On July 1 of every year following your first full year of retirement, your monthly benefit will be adjusted to a maximum of 3% per year, as determined by the [Consumer Price Index](#).

### Working after retirement

If you return to public service in Washington state after you retire, your benefit could be affected, depending on the position and number of hours you work.

In certain circumstances, you might be required to become a member of, and pay contributions to, another retirement **system**. You might be able to work limited hours with no impact to your benefit.

If you think you might be returning to work after retirement, call us to see if your benefit will be affected. Consider reviewing the [Thinking About Working After Retirement?](#) publication.

### Benefit overpayments or underpayments

If you ever receive an overpayment of your monthly benefit, you are required to repay it. If we discover your benefit has been underpaid, we will correct the error and award you a retroactive payment, if applicable.



## Changing a benefit option or survivor after you retire

Once you retire, you may change your benefit option or **survivor** in the following circumstances only:

- If you designate someone other than your spouse to receive your survivor benefit, you can change to an Option 1 (no survivor) benefit at any time after retirement.
- If you choose a Survivor Option (Option 2, 3 or 4) and your designated survivor dies before you do, your monthly benefit can be adjusted to the higher Option 1 payment level. Be sure to notify us to begin this change.
- If you marry or remarry after retirement and remain married for at least one year, you might be able to change your benefit option and provide a survivor benefit for your new spouse. To qualify for this opportunity, you must request the change during your second year of marriage. Contact us for estimates on how this will affect your monthly benefit. Also, be aware that this opportunity might not be available if a court-ordered property division has impacted your benefit.
- If you re-enter LEOFF membership and earn 24 months of uninterrupted service credit, you can select a different Survivor Option when you retire again.

# Glossary of terms

**Beneficiary:** The person(s), estate, organization or trust you have designated to receive any benefit payable upon your death. Your beneficiary must have a federal tax identification number or a Social Security number.

**Cost-of-Living Adjustment (COLA):** On July 1 of every year following your first full year of retirement, your monthly benefit will be adjusted to reflect the percentage change in the Consumer Price Index — to a maximum of 3% per year.

**Defined benefit:** A retirement plan in which your benefit is based on a formula rather than an account balance. The formula provides a monthly benefit based on your years of service and your Final Average Salary.

**Domestic partner:** In a registered domestic partnership, both individuals have met the state's legal requirements and registered their partnership with the Secretary of State's Office or another jurisdiction. Contact the Secretary of State's Office if you have questions about the requirements. Registered domestic partners have the same survivor and death benefits as married spouses. However, differences could occur in how taxes are handled at the federal level.

**Dual member:** You are a dual member if you have established membership in more than one Washington state retirement system, including First Class City Retirement Systems for Seattle, Spokane and Tacoma, but excluding Plan 1 of the Law Enforcement Officers' and Fire Fighters' Retirement System.

**Early retirement:** Retiring before age 53.

**Final Average Salary (FAS):** The monthly average of your 60 consecutive highest paid service credit months. Your Final Average Salary is used in determining your monthly benefit.

**Membership status:** The status of your retirement membership. This can be:

- Active, which means you are currently employed in a position covered by one of

the state retirement systems

- Inactive, which means you no longer are actively contributing to the state retirement system and have not withdrawn your contributions after leaving employment (which might leave you eligible to receive a benefit once you reach retirement age)
- Withdrawn, which means you were employed in a position covered by one of the state retirement systems and you withdrew your contributions after leaving employment

**Reduced benefit:** A benefit that has been decreased by a factor provided by the Office of the State Actuary. A benefit is reduced in two situations: when you retire early or you retire and select a Survivor Option (which pays a benefit to your survivor after your death).

**Service credit:** The credit you receive each month for working in a position covered by one of the state retirement systems. Service credit is used to determine your eligibility for retirement and your benefit amount.

**Survivor:** The individual you choose — when picking Option 2, 3 or 4 at retirement — to receive benefit payments after your death.

**System/plan:** The retirement system and plan in which you are a member.

**Vested:** You have earned the right to receive a retirement benefit once you reach an eligible age.

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