

# How Career Transitions Affect Your Retirement Accounts

Washington State Department of Retirement Systems



If you leave or change your employment, you will have choices to make about your retirement and Deferred Compensation Program (DCP) accounts.



## How would leaving my job, taking a break between jobs or working in the private sector affect my retirement account?

You can do one of the following:

- Retire (if you are eligible) and begin receiving your benefit
- Leave your money in your account until you are eligible to retire
- Withdraw your account balance

The choice is yours. Your unique circumstances should guide your decision. Factors to consider include:

- How close you are to retirement
- If you plan to return to a position covered by the same retirement plan
- Other sources of income or savings available to you



## When will I be eligible to retire and collect a monthly benefit?

If you are 55 or older, you might be eligible to retire. Plan 1 members with 30 or more service credit years can retire at any age. You can review the requirements for your retirement system (for example, Public Employees' Retirement System, Teachers' Retirement System or Washington State Patrol Retirement System) and plan (1, 2 or 3) on the DRS website at [drs.wa.gov](http://drs.wa.gov). Then select **Members > your retirement system**.

Our member retirement system webpages provide content that details when you can retire as well as any reductions or restrictions that might apply.



## What happens to my account if I change public-sector jobs?

If you go directly to another DRS-covered eligible position with the state or a participating public employer, you will continue to contribute to your retirement account.



## Why might I want to leave funds in my retirement account?

**Plans 1 and 2 members:** After you meet age and service requirements, you will be entitled to a monthly benefit for the rest of your life as long as you remain a member of your retirement plan.

The money in your account will continue to earn interest until you retire or withdraw at a later date.

**Plan 3 members:** If you leave money in your defined contribution account, it will still be able to grow (subject to market conditions) while you maintain control of your investment choices.



## What happens if I withdraw my retirement account money?

**Plans 1 and 2 members:** Withdrawing your money means you are no longer a member of your retirement plan and, therefore, ineligible to receive a retirement benefit.

**Plan 3 members:** You can withdraw your defined contribution funds and still receive a monthly benefit when you are eligible to retire.

## What happens to my account if I return to a public-sector job?

If a DRS-covered retirement system is offered for your position, the choice you made when you left employment will determine the answer:

- **You retired:** You might be able to stop your benefit and return to membership or work limited hours without affecting your benefit. Contact us to hear your options.
- **You left money in your retirement account and/or you are a Plan 3 member:** You will begin contributing to your retirement account again. Plan 3 members can withdraw their defined contribution funds but not the defined benefit funds their employers contribute.
- **You withdrew from Plan 1 or 2:** You will begin contributing to your account again. You will have the option to repay the money you withdrew plus interest to restore your service credit. This retirement benefit is a defined benefit based on your years of service as well as your earnings.

## What options do I have regarding my DCP account?







You have choices. If you retire or leave your public-sector job, you can leave your money in your DCP account or choose to receive some or all of your account balance.

If you continue public employment, you can continue, increase, reduce or stop your DCP contributions. In limited circumstances, the Internal Revenue Service allows for hardship withdrawals while you are still employed. Contact DCP at 800-547-6657 to find out more about this option.

## If I withdraw my retirement or DCP funds, will they be taxed?

Yes. Payments you receive are subject to federal tax. To find out more about how taxes could affect you, contact a tax advisor.

### 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: <i>drs.contact@drs.wa.gov</i></p> <p>Send a secure message through your online account: <i>drs.wa.gov/oa</i></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><i>drs.wa.gov</i></p> <p>You can also send email through the Contact Us page on the DRS website.</p>

This document is a summary. It is not a complete description of how career transitions affect your account. 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.