



DRS to transition to a new record keeper in 2020

In September 2020, DRS will transition to a new record keeper to serve customers in the Plan 3 retirement systems, the Deferred Compensation Program (DCP) and the Judicial Retirement Account (JRA) program.

DRS selected Voya Financial to provide recordkeeping services for the investment accounts of Plan 3, DCP and JRA customers. The change is the result of a comprehensive record keeper procurement process DRS performs every five to 10 years.

Additional information will be mailed to Plan 3, DCP and JRA customers in March 2020.

Inside this issue

New administrative factors take effect in October 2020 — 2

Enhanced security for accessing your DRS online account — 2

Changes coming to the lineup of Plan 3, DCP Retirement Strategy Funds — 2

Save more with DCP in 2020 — 3

Return-to-work rules have changed for TRS and SERS retiring customers who use the 2008 ERFs — 4

DRS open for business during building renovation — 4

Watch your bookmarks – some DRS webpage addresses are changing! — 4



New annuity purchase option available Jan. 1 for PERS, SERS and PSERS

Starting Jan. 1, 2020, retiring members of PERS, SERS and PSERS will have the option to purchase an annuity from the state of Washington. Previously, this annuity was only available to TRS, LEOFF and WSPRS members.

If you are retiring on or after Jan. 1, 2020, you can request this annuity be included in your official benefit estimate for retirement. For a retirement date on or after Jan. 1, you'll be able to request to purchase the annuity when you retire online.

While there is no maximum amount, a minimum purchase of \$5,000 is required for this annuity. Also, funds used to purchase it must come from an eligible governmental plan, such as your DCP savings.

To find out more about this annuity and other annuities available through DRS, visit the [annuity page](#).



New administrative factors take effect in October 2020

Administrative factors used by DRS to calculate benefit adjustments will be changing next October. The changes, proposed by the Office of the State Actuary and recently adopted by DRS, will take effect Oct. 1, 2020.

In addition to benefit adjustment calculations, the factors are used to determine benefit amounts for survivors and for members who retire early, the costs of purchasing service credit or an annuity, and other changes.

Although the new factors will not take effect until next October, DRS is publishing them now to help you make informed decisions regarding retirement. To see the updated factors, visit [Administrative Factors](#).



Enhanced security for accessing your DRS online account

DRS is adopting an additional security measure to safeguard your online retirement account. This enhancement, known as multi-factor authentication (MFA), provides an extra layer of protection beyond your user ID and password.

MFA is a two-step process used to verify that you are the owner of your DRS online account. With MFA, you may be required to enter an authentication code that is sent to your registered mobile number or email address when you log in or sign up as a new user.

As MFA is implemented, it's important that your mobile number (if available) and email address are current in your DRS online account and that you can [access them 24/7](#). To securely update and verify this information, log in at drs.wa.gov/oa and select "My Account." If you have questions or need assistance, please [contact DRS](#).



Changes coming to the lineup of Plan 3, DCP Retirement Strategy Funds

A new Retirement Strategy Fund (RSF) is coming to the lineup of investment options in Plan 3 and the Deferred Compensation Program (DCP).

The most recent addition – the 2065 Retirement Strategy Fund – will be available beginning Jan. 2, 2020. The newest fund is designed for those born in 1998 or later.

Meanwhile, the oldest target date fund in the RSF lineup will be "retired" at the end of this year. The 2005 Retirement Strategy Fund will close Dec. 31 and investor accounts in that fund will transfer to the Retirement Maturity Strategy Fund.

No action is required from participants as the RSF lineup is updated. As these changes occur, however, it's a good opportunity to evaluate your circumstances and make sure you're investing in the fund that will best align with your personal financial goals. See the Investments sections for [Plan 3](#) or [DCP](#) for more information, including options for updating your fund selections.



How DCP can help you reduce your taxes

DCP customers often save on federal taxes because of the unique features of this type of retirement savings program. Here's how:

- **Federal Tax Saver's Credit.** You might qualify for this tax savings which is also called a Retirement Savings Contributions Credit. With this credit, you can write off 10% to 50% of your first \$2,000 in contributions. Keep in mind there are income limits for this opportunity: \$65,000 for married couples filing jointly; \$48,750 for heads of household; and \$32,500 for single or married filing separately. For more information, visit the IRS website and see the instructions for Form 8880.
- **While you are contributing.** When you make contributions to your DCP account, you lower your taxable income. Why? DCP contributions are tax deferred, meaning you don't pay tax on them until you withdraw the funds.
- **After you retire.** When you move into retirement, it is likely you will have a lower income than you did while working. Lower income means lower federal taxes, which means your DCP contributions could have lower tax when you withdraw them.

The likelihood of lower taxes will depend on your income, current tax bracket and any contribution decisions you make. DRS cannot offer financial counseling. Consult a financial advisor for advice on tax savings.

See more at drs.wa.gov/dcp.



Save more with DCP in 2020

The IRS has increased the amount you can defer into DCP – you can contribute up to the following maximum amounts for 2020:

- \$19,500 annually if you are under age 50
- \$26,000 annually if you turn 50 or older in 2020

Depending on your employer's payroll, it can take up to 30 days for your account changes to go into effect. So for the new year, you might want to start your changes now!

Change your contributions through your [online account](#) or call the DCP record keeper at 888-327-5596.



DCP FAQ

What is DCP?

A voluntary savings program that helps you save more for retirement.

When can you sign up for DCP?

Anytime of the year! Check with your employer to see if DCP is available for you. Visit drs.wa.gov/dcp for more info.

When can you change your DCP contributions?

Change your contributions online anytime! Your changes may take up to 30 days depending on your employer's payroll cycle.



Return-to-work rules have changed for TRS and SERS retiring customers who use the 2008 ERFs

The rules for using the 2008 Early Retirement Factors (ERF) have changed. If you retire from Plan 2 or 3 of the Teachers' Retirement System (TRS) or School Employees' Retirement System (SERS) using the 2008 ERF, you will have the option to return to work in a nonadministrative position for up to 867 hours without impacting your benefit.

Nonadministrative positions with certain employers are the only ones that qualify. Other requirements apply (including separation from employment), so be sure to review the detailed information and Frequently Asked Questions on the [DRS website](#).



DRS open for business during building renovation

Pardon our dust! We're modernizing the DRS building in Tumwater to make better use of the space and strengthen our ability to serve you. Renovation work is underway and will continue through the fall of 2020. At certain times during the project we'll have a temporary lobby and interview rooms set up in another part of the building. Keep in mind that in most instances, there's no need to visit DRS for your retirement – you can apply through your [online account](#) and connect with us by [email and telephone](#). If you visit DRS between now and the fall of 2020, be sure to watch for posted signs with directions for parking and entering the building.



Watch your bookmarks – some DRS webpage addresses are changing!

If you have bookmarked or created “favorites” for pages on the DRS website, some may need updating in the near future. DRS website content is moving to a new platform in the first part of 2020, which will result in changes to some webpage addresses (also known as hyperlinks or URLs).

The main website address ([drs.wa.gov](#)) will remain the same, as will the full navigation menu and links to most-visited sections (including online accounts). However, many individual page addresses within various sections of the site will change. If you use a bookmark that isn't current, a “Page Not Found” message will appear along with help on relocating the page. If you're not able to find what you're looking for, [contact DRS](#) and we'll be happy to assist you.



The Washington State Department of Retirement Systems publishes *Retirement Outlook* for active members twice a year.

Tracy Guerin, Director

David Brine, Editor

Website: [drs.wa.gov](#)

Email: drs.contact@drs.wa.gov

Phone: 360.664.7000 or 800.547.6657

TTY: 711

Viewing this in print?

Online version with web links:
[drs.wa.gov/outlook/active](#)