

Employer Advisory Committee Meeting

May 23, 2019

Conference Callers:

- Ana Gutierrez – WSIPC
- Kyle Sybil – WSIPC
- Susan Pangilinan – WSIPC
- Heather Mam – Pierce County
- Tess Ylescupidez – Pierce County
- Susan Aschenbrenner – WSP



Department of Retirement Systems

DRS Update

Shawn Merchant, Legislative & Stakeholder Relations Director

DRS Employer Advisory Committee

May 23, 2019



Pension-Related Legislation

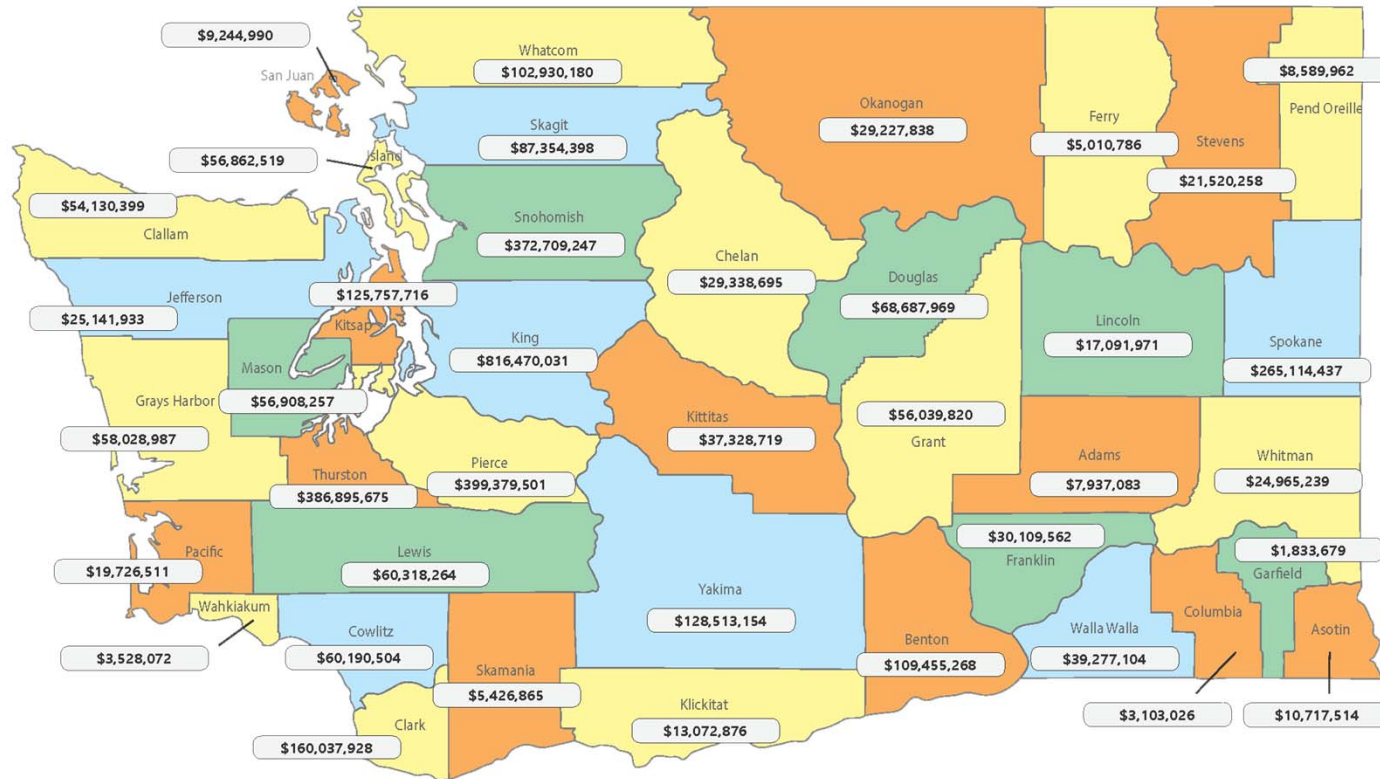
2019 Legislative Session:
www.drs.wa.gov/legislative



Pensions at a Glance

- ❑ 800,989 Plan Members
 - Active – 330,425
 - Annuitants – 191,242
 - Inactive – 279,322
- ❑ 1,354 Employers
 - State & Higher Ed
 - Counties, most cities
 - Local districts
- ❑ \$114.6B in Retirement Trust Funds
- ❑ \$4.3B in Contributions
 - Members – \$1.6B
 - Employers – \$2.6B
- ❑ \$4.2B in Benefits
 - About 88% paid in-state
 - About 75% from investment earnings

Benefits Paid by County – FY 2018



DRS: Low Cost, High Service

▣ Peer-compared Cost Effectiveness

- DRS administers the fifth most complex public pension system in North America, per independent benchmarking
- Compared to our peers, DRS' administrative cost (\$60 per member) is lower and our service scores are higher

▣ Responsive Service

- We processed over 12,000 retirements last year, and the volume is growing
- DRS staffing (about 250 FTEs) has held constant for a decade

Growing Participation in DCP

- ❑ Now at 50,000 participants contributing to DCP
 - 33,000 State and Higher Ed / 17,000 Local Government
- ❑ Auto-Enrollment is making a difference
 - More than 17,000 auto enrolled since Jan. 2017
 - Average retention rate is 92%
- ❑ More ways to expand participation
 - Growing the number of local governments offering DCP
 - Increasing local government adoption of auto-enroll
 - Looking at auto-escalation

Safeguarding Our Customers

- ❑ The retirement system is entrusted with members' money and personal data
- ❑ We are committed to providing the best possible security for our customers
 - Chief Information Security Officer, IT personnel
 - Multi-factor authentication for account access
 - Access control and data masking
 - Internal “phishing” assessments, security training

Supporting Our Team Members

- ❑ Building Renovation
 - Starts in June – working to minimize customer impacts
- ❑ Flex Time/Compressed Work Week
 - Successfully piloted last year, now offered agency-wide
- ❑ Telework Pilot
- ❑ Infants at Work Pilot

Implementing Legislation

- ❑ HB 1408 – Streamlining written consent requirement for survivorship options
- ❑ SB 5350 – Extending option to purchase WSIB annuities to all systems and plans
- ❑ SB 5360 – Changing membership default in PERS, SERS and TRS to Plan 2 from Plan 3
- ❑ HB 1139 – Retiree return-to-work restrictions lifted for TRS/SERS members who retired using the 2008 ERFs

Charting Our Future

- ❑ Record Keeper Transition
- ❑ CORE – Legacy System Modernization
- ❑ Mainframe Re-hosting Project

Select Committee on Pension Policy

- ❑ In the coming months, the SCPP will be considering topics for possible legislation in 2020
- ❑ DRS will suggest issues for discussion
 - Retiree and Member Privacy
 - Month of Death Payments
 - Interest Rate paid on Inactive Accounts

Questions?



Projects Update



Legislative Implementation Updates

May 20, 2019

Health	Legislative Project	Effective Date	Project Start Date	Project End Date	Update
✓	DCYF into PSERS	7/1/2019	5/1/2019	7/1/2019	<p>Adds DCYF as a PSERS Employer. The changes needed to add DCYF as a PSERS employer into DRS systems is expected to be made by 7/1. This will allow positions coming from DSHS into DCYF that are in PSERS to remain.</p> <p>The DRS team is currently completing business requirements.</p>
✓	Retiree Return to Work	7/1/2019	5/1/2019	1/1/2020	<p>This new law allows persons who retire from Teachers' Retirement System (TRS) and the School Employees' Retirement System (SERS) in Plans 2 or 3 under the 2008 Early Retirement Factors to use post-retirement employment options in K-12 prior to reaching age 65 without suspension of benefits. The bill also repeals an existing expiration date for a similar provision related to substitute teachers. The new law is effective upon passage, but will require some time for DRS to fully implement.</p> <p>The DRS team is currently working to complete some analysis to define the scope of this project.</p>
✓	Annuity Purchases	1/1/2020	5/1/2019	1/1/2020	<p>This law allows members of the Public Employees' Retirement System (PERS), School Employees' Retirement System (SERS) and the Public Employees Retirement System (PSERS) to purchase an annuity via the Washington State Investment Board (WSIB) at the time of retirement.</p> <p>The DRS team is currently completing business requirements.</p>

Legislative Implementation Updates

May 20, 2019

Health	Legislative Project	Effective Date	Project Start Date	Project End Date	Update
✓	Spousal Consent	1/1/2020	5/1/2019	1/1/2020	<p>This law changes the written spousal consent for a survivorship selection so that it will be required only in instances where retiring members choose to have no survivor benefit go to their spouse or domestic partner, either through the selection of the Single Life option or by naming someone other than the spouse or domestic partner to receive a survivorship benefit.</p> <p>The DRS team is currently completing business requirements.</p>
✓	Plan 2 Default	7/1/2020	7/1/2019	6/30/2020	<p>This law establishes Plan 2 of PERS, TRS and SERS as the default for new members who do not make a plan choice selection within 90 days of hire. The current default is Plan 3.</p> <p>DRS has hired a new project manager to support this implementation who will begin work on this project in July 2019.</p>

ERA Project Update - Schedule

ERA Launch Sept 2018																	
2018				2019													
Stabilization Period 8/31/18 - 12/13/18				Optimization Period 12/14/18 - 3/13/19													
Early Adopter Rollout 8/31/18 - 12/31/18				Full Rollout 1/1/198 - 12/31/19													
Total	Sept 5 Early Adopters	Oct 7 Early Adopters	Nov 0	Dec 0	Jan 134	Feb 134	March 135	April 127	May 78	June 118	July 43	August 136	Sept 177 State CTC ESDs	Oct 161 School Districts	Nov 128 School Districts	Dec TBD	
Online	5	4	0	0	134	134	135	127	78	118	0	0	10	0	0		
File	0	3	0	0	0	0	0	0	0	0	43	136	167	161	128		

Employer Statewide Training 8/3/18 - 11/7/18	Enhancements December 2018 – June 2019
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May 2019

Record Keeper Transition Project Update



Background

- The current recordkeeping contract with Empower Retirement will expire in 2020
- DRS posted RFP No 18-19 in October 2018 to procure recordkeeping services for the Judicial Retirement Account (JRA), the Deferred Compensation Plan (DCP), and the defined contribution component of Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS), and School Employees' Retirement System (SERS) Plan 3 beginning in 2020
- February 1, 2019 DRS announced Voya Financial as the apparent successful bidder for the DCP, JRA and Plan 3 recordkeeping service contract

Next Steps

- DRS is coordinating with both Empower Retirement and Voya Financial on the planning for a successful transition of over 300,000 accounts in the fall of 2020.
- DRS is working with both Empower Retirement and Voya Financial on the development of a comprehensive Communication Plan for members, employers, and other stakeholder
- DRS will provide a project update at the next EAC meeting.

Open Discussion

