



PLAN
I

JRS Plan I Member Handbook

July 2005

JUDICIAL RETIREMENT SYSTEM



JRS MEMBER HANDBOOK



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This handbook describes your retirement benefits under the Washington State Judicial Retirement System (JRS). The plan is designed to be an important source of income that — along with Social Security benefits, personal savings and other investments — will help pay your living expenses when you retire.

Highlights

The plan provides for:

- A retirement benefit at age 60 or older, if you have at least 15 years of service (12 years, if your service ended involuntarily); and
- Disability retirement benefits and survivor benefits if you meet the plan’s requirements.

You and the State both contribute toward your future retirement benefits. Your contributions are not refundable.

If you were once a member of the Washington State Public Employees’ Retirement System (PERS), you may be eligible for JRS service credit for some or all of your PERS service.

Fill out the JRS Enrollment Form

If you were a former member of JRS, but not serving as a judge on July 1, 1988, and you have since returned to judicial service, the Office of the Administrator for the Courts (OAC) will have you complete an Enrollment Form. This form provides the information needed to protect your contributions and your beneficiary’s rights in case you die before retirement.

Am I a member of the plan?

All judges first elected or appointed to Superior Court, the Court of Appeals or the Supreme Court after August 8, 1971, and before July 1, 1988, are participants in this plan unless they:

- Were previously members of PERS and within 30 days of becoming judges exercised their option to remain in PERS; or
- Elected on or before December 31, 1989, to transfer retirement system membership to PERS.

Who pays for my benefits?

Defined benefit plan

Your plan is a defined benefit plan. At retirement you receive a benefit based upon your service credit and final average salary. The amount of your contributions is not a factor in calculating your retirement benefit.

Your future benefits are funded by contributions — made by you and the state during your period of membership — and the investment earnings from those contributions. These contributions are held in trust and invested by the State Investment Board.

Your contributions

You are required to contribute 7.5 percent of your reported salary to JRS. This rate is set by law and may be changed by legislative amendment.

Your “accumulated contributions” are the member contributions you make to JRS plus the interest added to your account by the Department of Retirement Systems (DRS). The provision to pay interest was added to the plan effective July 1, 1988.

Summary Description

The rules governing your benefits are contained in state retirement law. This handbook 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 handbook and what is contained in the law, the applicable law will govern.

Tax deferral

Your contributions are deducted from your paycheck each pay period before federal income taxes are calculated. This defers payment of taxes until benefits are paid.

Refunds

Contributions to the plan are not refundable. Depending upon the survivor benefits you have chosen, your accumulated contributions may be paid in a lump sum to your designated beneficiary when you die.

Loans, attachments and assignments of contributions

Because the plan is designed to provide retirement income, you may not borrow from or against your contributions. They may not be attached, assigned or paid to bankruptcy court until you retire (see page 7 for more information).

How is my service counted?

Service credit

All periods of time served as a judge are counted as service credit in determining your benefits.

Service credit is measured in months. Years of service credit are calculated by dividing total months of service credit by 12. A calendar month at the beginning or end of a term counts as a full month of service credit if you work at least 10 days in that month. No more than one month of service credit may be granted for any calendar month.

Transferring service credit from PERS to JRS

If you were a member of PERS and have not withdrawn your PERS contributions, DRS will, upon written request, transfer to JRS:

- Your PERS contributions and interest, plus the employer's contributions; and
- One half of your PERS service credit, up to nine years.

If you leave judicial office before becoming entitled to retirement benefits, you may request a refund of the employee contributions and interest that were transferred from PERS. No refund will be made of the employer contributions or any contributions you made to JRS.

What is my service retirement benefit?

Eligibility

Your service retirement benefit depends on your final average salary and your years of service credit when you retire. You are eligible to retire with at least:

- Fifteen years of service credit, if you are age 60 or older; or
- Twelve years of service credit, if you left office involuntarily, are age 60 or older, and if at least 15 years have passed since the beginning of your initial term.

These are the only circumstances in which you may be paid a service retirement benefit. If you voluntarily end your judicial service and do not have at least 15 years of service credit, you will not receive a benefit from the plan.

You must retire at the end of the calendar year in which you reach age 75.

Benefit formula

The formula for calculating your monthly service retirement benefit, assuming you have 15 or more years of service credit, is as follows:

$$\text{Months of service} \div 12 \times 3.5\% \times \text{final average salary}$$

If you served the same court for at least 12 consecutive months preceding your retirement date, your final average salary is the monthly salary for the position you held at the time you retired. In all other cases, final average salary is the average monthly salary paid over your 24 consecutive highest-paid months in the last 10 years of service.

Your monthly benefit cannot exceed 75 percent of your final average salary. If you exchanged the original survivor benefits for the new survivor benefits in 1988 and you choose a survivor option, your benefit will be actuarially reduced (see page 5).

EXAMPLE:

Retirement at age 60

Suppose you retire at age 60 with 18.75 years of service credit. Your final average salary is \$6,500 per month. Your monthly retirement benefit will be \$4,265.63. Here is how it is calculated:

$$\begin{aligned} 18.75 \text{ years} \times 3.5\% \times \$6,500 \\ 18.75 \text{ years} \times 3.5\% = .65625 \\ .65625 \times \$6,500 = \$4,265.63 \end{aligned}$$

This calculation results in the standard benefit. It will be lower if you exchanged benefits and choose a survivor option (see page 7 for a description of benefit options).

EXAMPLE CONTINUED

If you are age 60 and have at least 15 years of service credit, benefits are payable beginning with the first day following your separation from judicial service.

1988 exchange of benefit coverage

In 1988, members had a one-time opportunity to exchange the plan's original survivor benefits for a more flexible benefit package.

Provisions applying to judges who chose the new benefit package are described beginning on page 5. The next section describes the benefit provisions applying to judges who retained the original benefit coverage.

Benefits for members who retained the original benefit package

Survivor benefits

Eligible survivor

Only a spouse who, at the time of your death, has been married to you for at least two years, is eligible for survivor benefits. Benefit payments are not affected by the remarriage of your spouse. Payments stop upon his or her death.

If you die before retirement

If you are an active judge at the time of your death, and you have at least 10 years of service credit, your surviving spouse is eligible to receive a benefit equal to 50 percent of the benefit you would have received had you retired on the date of your death.

No survivor benefits are payable and your contributions cannot be refunded if you die:

- With fewer than 10 years of service credit; or
- While vested but before age 60 and not in service.

If you die after retirement

If death occurs after your retirement for service or disability, your eligible spouse will receive the greater of 50 percent of your retirement benefit or 25 percent of your final average salary.

Disability retirement benefits

Eligibility. You may be eligible for a disability retirement benefit if you have served as a judge for at least 10 years and you believe you are permanently disabled “for the full and efficient performance of your duties.”

Benefits will be granted if a physician appointed by JRS finds that you are disabled and the Director of DRS concurs.

The Commission on Judicial Conduct may retire a judge for a disability which is permanent or likely to become permanent and which seriously interferes with the performance of judicial duties.

Benefits. A benefit of one-half of your final average salary is payable from the first day following termination of your judicial employment.

Benefits for members covered by the new benefit package

Benefit options

When you apply for a service or disability retirement, you must select a benefit option. You may choose an option which continues benefits to an eligible survivor.

If you are married, the law requires that you provide your spouse’s consent to the benefit option you choose. This consent must be in writing and must be witnessed by a notary. If consent is not provided, the law requires that an Option 3 benefit be paid with your spouse as the beneficiary. The service and disability retirement applications contain provisions for spousal consent.

If you select a survivor option when you retire, and your beneficiary dies before you or you become divorced from your beneficiary after retirement, you may not name a new beneficiary to receive the monthly survivor benefit. For more information, see “Designating a Beneficiary” on page 6.

Option 1 Standard option

This option pays you a benefit for your lifetime. If you die before the total benefits you receive equal your accumulated contributions at the date of retirement, the balance will be paid in a lump sum to your named beneficiary.

Option 2 Joint and 100 percent survivorship

Under this option, you receive a benefit that is “actuarially reduced.” If your designated beneficiary survives you, the benefit amount remains the same and your beneficiary continues to receive it for his or her lifetime. If you survive your beneficiary, payments to you continue at the same level and stop at the time of your death.

“Actuarially reduced” means benefit payments are reduced based on factors provided by the Office of the State Actuary. These factors are derived from statistics about life expectancy and projections about the plan’s investment earnings.

An actuarial reduction is necessary when benefits are going to be paid over a longer period of time or to more than one person.

Option 3

Joint and 50 percent survivorship

This option also provides a benefit that is actuarially reduced, but the reduction is smaller than in Option 2. If your designated beneficiary survives you, 50 percent of your benefit is paid to your beneficiary for his or her lifetime. If you survive your beneficiary, payments to you continue at the same level and stop at the time of your death.

Disability retirement benefits

Eligibility: You may be eligible for a disability retirement benefit if you have served as a judge for at least 10 years and you believe you are permanently disabled “for the full and efficient performance of your duties.”

Benefits will be granted if a physician appointed by JRS finds that you are disabled and the Director of DRS concurs.

The Commission on Judicial Conduct may retire a judge for a disability which is permanent or likely to become permanent and which seriously interferes with the performance of judicial duties.

You must select one of the benefit payment options (see page 5). Your selection is subject to the spousal consent requirement described on the same page. If you select Option 1 (the standard option), your disability benefit will be paid at one-half of your final average salary. If you choose a survivor option, your benefits will be actuarially reduced. Your benefit is payable from the first day following termination of your judicial employment.

Survivor benefits

If you die prior to retirement, your beneficiary will be eligible for benefits as follows.

If you die in service, but before you have 10 years of service credit, or die while not in judicial service and not yet eligible to receive retirement benefits, your beneficiary will be paid your accumulated contributions.

If you die in service with 10 or more years of service credit, or die while no longer in judicial service but after having become eligible to receive retirement benefits, your beneficiary will choose between the following:

- Your accumulated contributions; or
- A monthly benefit calculated as if you had:
 - Elected Option 2: joint and 100 percent survivorship; and
 - Retired on the date of your death.

If you have fewer than 15 years of service credit, the survivor benefit will be calculated according to the following formula:

$$\text{Months of service} \div 12 \times 3\% \times \text{final average salary}$$

Designating a beneficiary

You should keep your beneficiary designation in your JRS record up to date. The person you select as beneficiary must have an insurable interest in your life. You should file a new beneficiary designation form with DRS following any change in your marital status or membership status. Forms for this purpose are available from DRS and OAC.

Beneficiary designations for survivor options (described on page 6) may not be changed once you have retired.

Can my benefits increase after I retire?

On July 1 of each year, retiree and survivor benefits that have been in effect for at least one year will be adjusted by the change in the cost of living, to a maximum of 3 percent.

What if I work after retirement?

Your benefits may be affected if you work for a Washington public employer after retirement. In some cases, depending on the position and the extent to which you work, some or all of your retirement benefits may be suspended, and you may be required to make contributions to a retirement system. You may serve as a judge pro tempore for 810 hours in a calendar year without affecting your JRS retirement benefit.

Before you return to work, please call DRS to determine how your benefits will be affected.

Retirement planning checklist

As you approach the age of retirement, you should take the following steps.

- Make sure your beneficiary is listed correctly with JRS. If needed, please file an updated beneficiary designation form.
- Two years before retirement, request an estimate of your benefits.

- Within two years of your retirement, attend a JRS Rights and Benefits Presentation. Check with OAC on setting up a presentation.
- During the year before your retirement, visit DRS and meet with a JRS counselor to verify your service credit, confirm your eligibility for retirement and review your options for medical coverage as a retiree. Call to make an appointment.

Any time you write to the Department of Retirement Systems, please provide your Social Security number.

Taxation and assignment of benefits

Federal income taxes

Since JRS member contributions are not taxed at the time they are contributed, most, if not all, of your retirement benefit will be subject to federal income tax. After you retire, JRS will notify you if a portion of your contributions has already been taxed (for example, if you transferred contributions from PERS).

You must complete a W-4P form to tell DRS how much of your benefit should be withheld for taxes. If you do not, DRS will follow IRS rules requiring withholding as if you are married and claiming three exemptions. It is your responsibility to declare the proper amount of taxable income on your income tax return.

Assignment and attachment of benefits

Retirement benefits are not generally subject to assignment or attachment. However, payments received by you in the form of retirement benefits or as a refund of your contributions may be subject to payment of court and administrative

orders for spousal maintenance and child support, or payment of any orders authorized by federal law.

Legislation passed in 1991 authorized JRS to divide pensions between members and ex-spouses based upon court ordered property division. If the divorce decree complies with the applicable law, DRS will send the property division payment directly to the ex-spouse.

Administrative information

Benefit checks

Checks are mailed at the end of the month, or they can be deposited directly into your bank account if you are a customer of a participating bank.

Please keep DRS informed of your current mailing address, even if you have your check deposited directly in your bank account, so you are assured of receiving information about your benefits.

Administration of the system

The Judicial Retirement System is administered by the Department of Retirement Systems. The Director of the Department is appointed by the Governor and is responsible for administering JRS.

Errors

If you receive an overpayment of your retirement benefit, the Department of Retirement Systems will require that the overpayment be repaid.

If there is an underpayment, DRS will correct the error and pay you in full.

Appeals

If you are dissatisfied with any JRS decision, contact DRS. You will be informed of your appeal rights.

Contacting DRS

When you contact DRS about personal account information, be sure to include:

- Your Social Security number
- Your signature (for written correspondence)
- Your daytime telephone number
- Your mailing address
- The plan about which you are requesting information

Mailing address

Department of Retirement Systems
JRS
PO Box 48380
Olympia, WA 98504-8380

Telephone

Olympia360.664.7000
Toll-free.....800.547.6657
TTY Line 711

Web address: www.drs.wa.gov

The DRS website contains the most recent edition of this handbook and other member publications for JRS and other DRS-administered systems. The website also includes:

- Online access to your account, allowing you to review information such as your account balance, employment history, beneficiary information, and annual statements.
- Recent issues of the member newsletter, Retirement Outlook.
- Information about recent retirement-related legislation.
- A variety of other information of interest to retirement system members and public employers in Washington State.

Contact DRS for the following:

- To obtain more information about your rights and benefits under this plan.
- To request inactive member annual statements.
- To apply for retirement.
- To schedule an appointment to review your account information and retirement options in person.
- To obtain copies of other DRS publications mentioned in this handbook (all DRS publications are available on the website).

JRS Plan I

Department of Retirement Systems
800-547-6657
www.drs.wa.gov

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