



# RULE-MAKING ORDER PERMANENT RULE ONLY

## CR-103P (December 2017) (Implements RCW 34.05.360)

CODE REVISER USE ONLY

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STATE OF WASHINGTON  
FILED

DATE: July 06, 2022

TIME: 4:17 PM

WSR 22-15-007

**Agency:** Department of Retirement Systems

**Effective date of rule:**

**Permanent Rules**

31 days after filing.

Other (specify) \_\_\_\_\_ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

**Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?**

Yes  No If Yes, explain:

**Purpose:** Plan 3 of the Public Employees' Retirement System (PERS), School Employees' Retirement System (SERS), and Teachers' Retirement System (TRS), and the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 provide an increased benefit if retirement is delayed following separation from employment after 20 or more years of service. The increase is referred to as a benefit "index." The rule clarifies the application of the benefit indexing when a person separates on the first day of a month so that month is included in the calculation as there was ambiguity in the statute.

**Citation of rules affected by this order:**

New: WAC 415-02-210

Repealed:

Amended:

Suspended:

**Statutory authority for adoption:** RCW 41.50.050

**Other authority:**

**PERMANENT RULE (Including Expedited Rule Making)**

Adopted under notice filed as WSR 21-11-096 on May 27, 2022 (date).

Describe any changes other than editing from proposed to adopted version: No changes, the text being adopted is identical to the text proposed

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name:

Address:

Phone:

Fax:

TTY:

Email:

Web site:

Other:

**Note: If any category is left blank, it will be calculated as zero.  
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.  
A section may be counted in more than one category.**

**The number of sections adopted in order to comply with:**

Federal statute:	New	___	Amended	___	Repealed	___
Federal rules or standards:	New	___	Amended	___	Repealed	___
Recently enacted state statutes:	New	___	Amended	___	Repealed	___

**The number of sections adopted at the request of a nongovernmental entity:**

New	___	Amended	___	Repealed	___
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**The number of sections adopted on the agency's own initiative:**

New	<u>1</u>	Amended	___	Repealed	___
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**The number of sections adopted in order to clarify, streamline, or reform agency procedures:**

New	<u>1</u>	Amended	___	Repealed	___
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**The number of sections adopted using:**

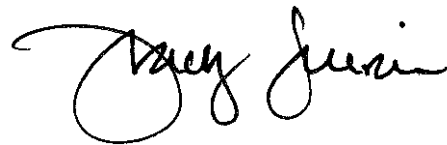
Negotiated rule making:	New	___	Amended	___	Repealed	___
Pilot rule making:	New	___	Amended	___	Repealed	___
Other alternative rule making:	New	___	Amended	___	Repealed	___

**Date Adopted:** July 6, 2022

**Name:** Tracy Guerin

**Title:** Director

**Signature:**



NEW SECTION

**WAC 415-02-210 What is an indexed retirement allowance?** If you are a member of an indexed retirement plan as defined in WAC 415-02-030 and have at least 20 years of service credit when you leave employment, your pension benefit will increase by three percent for each year you delay receiving it, up to your full retirement age. The increased amount is referred to as an indexed retirement allowance.

(1) **How will my indexed retirement allowance be calculated?** If there is a period of at least one month between your separation from employment in the plan and your date of retirement, the department will calculate your indexed retirement allowance in the following way:

Using the average salary, increase the retirement allowance from the date both of the following have occurred and end on the last day of the month prior to attainment of the full retirement age.

- (a) Separation from the retirement plan; and
- (b) Accrual of 20 years of service credit.

Example: A PERS Plan 3 member separates December 24, 2017, with 23 years of service credits at age 63 and defers receiving their retirement until age 65, January 1, 2019. This member will receive indexing starting January 2018 through December 2018 (12 months of indexing).

(2) **What if I return to service after completing 20 years of service credit?** If you separate with at least 240 months of service credits, wait to retire, then return to membership before retiring, the indexing of your retirement benefit will be calculated two ways, with the higher of the two being used for your retirement calculation.

(a) Method 1: Use the average salary from the first separation after you attained 20 years of service credit. Indexing would apply to the number of calendar months starting from the first separation date. Indexing ends the month prior to the chosen retirement date or attainment of the full retirement age whichever is sooner, and excludes the months of re-employment following the first separation date.

(b) Method 2: Use the highest average salary based on all earnings throughout the entire employment period. Indexing would apply from the last separation date to the end of the month prior to the chosen retirement date or full retirement age, whichever is sooner.

Example: You are a member of a single DRS retirement system who separates with at least 240 months of service credits, waits to retire, then returns to membership before retiring. You now have 20 years of service credits on your inactive employment period, and will have at least two separation dates. DRS will calculate the benefit in the following two ways and provide you the higher of the two results:

Method 1 - System AFC/FAS with Interruptive Indexing.

- Use the AFC/FAS from the first separation after you attained 20 years of service credit excluding months when you were reemployed.

Method 2 - System AFC/FAS without Interruptive Indexing.

- Use the highest AFC/FAS based on all earnings, where indexing only be allowed from the last separation date to the retirement date.

(3) If your separation from employment occurs on the first of the month, that month will be included in the months indexed between separation and retirement. Any separation date after the first of the month will have indexing begin the following month.