

2017
New Employee
Retirement
Orientation
for Civil Service,
Bargaining Unit and
Hourly Employees

Presented by
Human Resource Services

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Revised January 2017

Retirement
Plans

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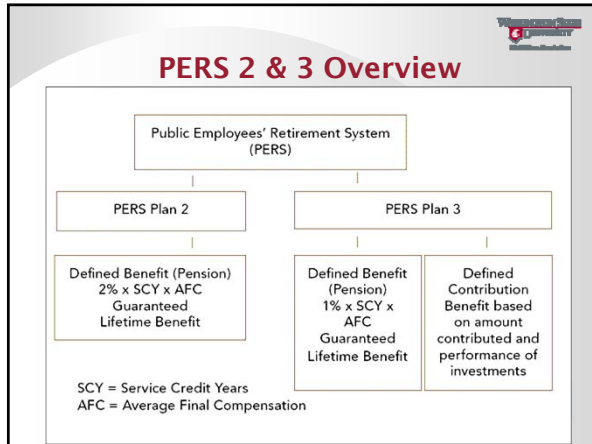
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Retirement Plan Options

- Possible Plans: PERS 1, 2, 3, LEOFF
 - New Employees have a choice between PERS 2 or 3
- Administered by the Department of Retirement Systems (DRS)
- Participation is mandatory from Date of Hire/Eligibility Date.
 - Exception: EE/spouse full-time WSU student
- If a previous PERS member, some options will be pre-determined.

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Retirement Under PERS 2

Defined Benefit Plan: Guaranteed benefit that is determined by the following calculation:

$2\% \times \text{Service Credit Years (SCY)} \times \text{Average Final Compensation (AFC)}$

- Full retirement at age 65 with 5 SCY.
 - Early Retirement available at age 55 with 20 SCY, with a reduced benefit.
- Fully vested after 5 years of service

AFC = the average of the highest 60 consecutive months of pay.


PERS 2

- Employee contribution rate is currently 6.12%.
- Employer contribution rate is currently 11.18%.
- Contribution rates are subject to change.
- Contributions are tax-deferred.
- Amount contributed or account accumulations have **no impact** on pension benefit.

Retirement Under PERS 3

PERS 3 has two parts:

- 1) Defined Benefit Component (funded by Employer)
 - $1\% \times \text{Service Credit Year (SCY)} \times \text{Average Final Compensation (AFC)}$
 - Full retirement at age 65 with 10 SCY
 - Early Retirement available at age 55 with 10 SCY, with a reduced benefit.
- 2) Defined Contribution Component (funded by Employee)
 - The benefit is based on employee contributions and investment earnings.
 - Several payment options are available when you separate from service.




Plan 3 Contribution Rates

Employee Defined Contributions	
Option A:	5% at all ages
Option B:	5% until age 35 6% for ages 35 - 44 7.5% at age 45 & over
Option C:	6% until age 35 7.5% for ages 35 - 44 8.5% at age 45 & over
Option D:	7% at all ages
Option E:	10% at all ages
Option F:	15% at all ages

WSU contributes 11.18% into the Defined Benefit account – this has **no impact** on future benefit.


Defined Contributions:

- Tax Deferred
- Immediately Vested
- PERS 3 – Irrevocable (unless changing employers)



Investment Choices

- The Washington State Investment Board (WSIB)**
 Contributions invested in the Total Allocation Portfolio (TAP). A monthly valued fund, the TAP is a diversified portfolio of U.S. and International stocks, bonds, private equity and real estate investments.
- The Self-Directed Investment Program**
 You choose from any or all funds and/or from pre-set portfolios.



Plan 2 & Plan 3 Example

Plan 2 and Plan 3 Retirement Plans

Plan 2

EE works 25 years, and averages \$2800 a month

$2\% \times 25 \times 2800 = \$1400/\text{month}$

Plan 3


EE makes contributions ranging from 5% - 15%, ee has accumulated \$200K over a 25 year career

ER will fund a defined benefit plan base on:

$1\% \times 25 \times \$2800 = \700

Making Your Decision

- You will be placed in PERS 2 initially.
- You have 90 calendar days to choose between PERS 2 or PERS 3.
- Your plan choice is irrevocable.
- If you do not make a choice within 90 calendar days, you will be:
 - Enrolled in PERS 3,
 - At the 5% contribution rate, and
 - In the Retirement Strategy Fund



Enrollment Process

- Complete the *Member Information Form*, selecting Plan 2 or Plan 3
- If selecting Plan 3, also select:
 - The contribution option
 - The investment option
 - If self-directed, also address how you wish to invest your contributions.
- Complete the *Beneficiary Designation Form*

Washington State University
Department of Retirement Systems

DRS Resources to assist with PERS 2 or PERS 3 Choice

- DRS Representatives available at 1-800-547-6657 or recep@drs.wa.gov.
- Other information, including Benefit Calculators can be found on the following websites:
 - Savewithwa.empower-retirement.com
 - www.drs.wa.gov
- Resources are listed on the PERS information sheet in your benefits package and on the HRS website, under Employees, then Benefits.

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Voluntary Investment Programs

The Voluntary Investment Programs allow employees to contribute additional monies towards a retirement account over and above their regular retirement program.

- Able to contribute on a pre-tax or post-tax basis.
- Minimum contribution is \$15 a pay period.
- Maximum limit is \$18,000, for employees under 50 and \$24,000 for employees over 50.
- Can enroll, cancel or change contribution amounts at anytime.

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Voluntary Plans

Two plans are available through WSU Payroll Deduction:

Deferred Compensation Program (DCP) – a 457b Plan

- Administered by Department of Retirement Systems
- 1-888-327-5596
- www.drs.wa.gov

Voluntary Investment Plan (VIP) – a 403b Plan

- Vendor – TIAA
- 1-800-842-2888
- www.tiaa.org/wsu

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Choosing Your Investments


You have the ability to direct your contributions by selecting from the various investment choices offered.

- Investments options range from conservative to higher risk
- Ability to choose a Lifecycle/Pre-established Account
- Ability to build your own Portfolio
- You can change where you want future contributions to go at any time
- You can transfer some or all of your funds among accounts, with no tax implications




Differences between DCP & the VIP

DCP	VIP
Pre-Tax Contributions only	Pre- or Post-Tax Contributions
After separation, distributions are available without penalty at any age.	After separation, distributions prior to age 59½ will be subject to penalty taxes.




Automatic Enrollment - New full time employees hired on or after January 1, 2017 will be automatically enrolled




New Hire Timeline

Day 1 You're hired	Day 2-30 DCP Notification Mailing	Within 30 days: Opt Out Window	3 Months After Hire Date: 3% contributions begin	Within 90 days of first contribution – Withdrawals allowed
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Resources

- Human Resource Services
hrs.wsu.edu | 509.335.4521 | hrs@wsu.edu
- DRS
www.drs.wa.gov | 800.547.6657 | recep@drs.wa.gov
- Empower Retirement
Savewithwa.empower-retirement.com | 888.327-5596 | savewithwa@empower-retirement.com
- TIAA
•tiaa.org | 800.732-8353 in-person consultation
•800.842-2776 telephone consultation| Login to acct to send email



Questions?

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Thank You!
