

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

Presented by  
Human Resource Services

WASHINGTON STATE UNIVERSITY  
1916 McKinnon, Pullman, WA  
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Retirement  
Plans

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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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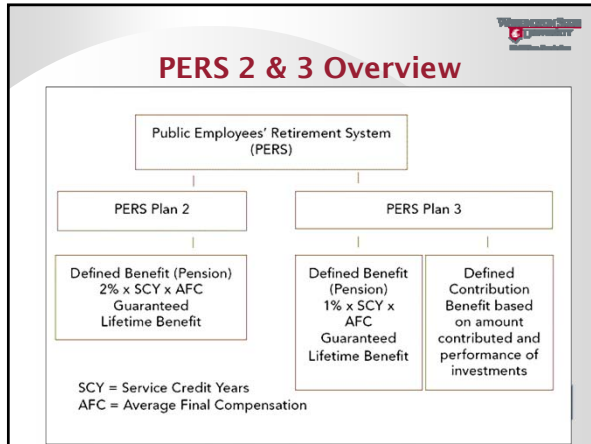
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### Retirement Under PERS 2

**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.

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### PERS 2

- Employee contribution rate is currently 7.38%.
- Employer contribution rate is currently 12.7%.
- Contribution rates are subject to change.
- Contributions are tax-deferred.
- Amount contributed or account accumulations have **no impact** on pension benefit.

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## 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.




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## 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 12.7% into the Defined Benefit account – this has **no impact** on future benefit.

Defined Contributions:

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




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## 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.




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

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### 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

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### 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*

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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](mailto:recep@drs.wa.gov).
- Other information, including Benefit Calculators can be found on the following websites:
  - [Savewithwa.empower-retirement.com](http://Savewithwa.empower-retirement.com)
  - [www.drs.wa.gov](http://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](http://www.drs.wa.gov)

**Voluntary Investment Plan (VIP) – a 403b Plan**

- Vendor – TIAA
- 1-800-842-2888
- [www.tiaa.org/wsu](http://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




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## 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.




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## 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](http://hrs.wsu.edu) | 509.335.4521 | [hrs@wsu.edu](mailto:hrs@wsu.edu)
- DRS  
[www.drs.wa.gov](http://www.drs.wa.gov) | 800.547.6657 | [recep@drs.wa.gov](mailto:recep@drs.wa.gov)
- Empower Retirement  
[Savewithwa.empower-retirement.com](http://Savewithwa.empower-retirement.com) | 888.327-5596 | [savewithwa@empower-retirement.com](mailto:savewithwa@empower-retirement.com)
- TIAA  
•[tiaa.org](http://tiaa.org) | 800.732-8353 in-person consultation  
•800.842-2776 telephone consultation| Login to acct to send email

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**Questions?**

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[hrs@wsu.edu](mailto:hrs@wsu.edu)

**Thank You!**

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