Retirement Plans
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.
Public Employees’ Retirement System (PERS)

PERS Plan 2
- Defined Benefit (Pension)
  - 2% x SCY x AFC
  - Guaranteed Lifetime Benefit

SCY = Service Credit Years
AFC = Average Final Compensation

PERS Plan 3
- Defined Benefit (Pension)
  - 1% x SCY x AFC
  - Guaranteed Lifetime Benefit

- Defined Contribution
  Benefit based on amount contributed and performance of investments
Retirement Under PERS 2

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

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

*Example:* \( 2\% \times 25 \text{ years} \times \$3,000/\text{mo. Salary} = \$1500 \)

- 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

\( \text{AFC} = \text{the average of the highest 60 consecutive months of pay.} \)
PERS 2

- Employee contribution rate is currently 6.36%.
- Employer contribution rate is currently 10.25%.
- 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% x Service Credit Year (SCY) x Average Final Compensation (AFC)
   
   Example: 1% x 25 years x $3,000/mo. Salary = $750
   
   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

<table>
<thead>
<tr>
<th>Option</th>
<th>Contribution Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option A</td>
<td>5% at all ages</td>
</tr>
<tr>
<td>Option B</td>
<td>5% until age 35</td>
</tr>
<tr>
<td></td>
<td>6% for ages 35-44</td>
</tr>
<tr>
<td></td>
<td>7.5% at age 45 &amp; over</td>
</tr>
<tr>
<td>Option C</td>
<td>6% until age 35</td>
</tr>
<tr>
<td></td>
<td>7.5% for ages 35-44</td>
</tr>
<tr>
<td></td>
<td>8.5% at age 45 &amp; over</td>
</tr>
<tr>
<td>Option D</td>
<td>7% at all ages</td>
</tr>
<tr>
<td>Option E</td>
<td>10% at all ages</td>
</tr>
<tr>
<td>Option F</td>
<td>15% at all ages</td>
</tr>
</tbody>
</table>

WSU contributes 10.25% into the Defined Benefit account – this has **no impact** on future benefit.

**Defined Contributions:**

- **Tax Deferred**
- **Immediately Vested**
- **PERS 3 – Irrevocable** (unless changing employers)
Plan 3 Investment Options

Washington State Investment Board (WSIB) → TAP Fund

Self-Directed Investments

Do It Yourself

Retirement Strategy Funds
Washington State Investment Board
Total Allocation Portfolio (TAP Fund)

- Actively managed by the WSIB: diversified mix of investments.
- Investment strategy: Generate a maximum return in the long term at a prudent level of risk
- Includes some asset classes not available in the Self-Directed Investment Program
Build and Monitor Funds
You select, monitor, and adjust your own investments

<table>
<thead>
<tr>
<th>Fund name</th>
<th>Fund manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-Term Investment Fund</td>
<td>BlackRock</td>
</tr>
<tr>
<td>Washington State Bond</td>
<td>Washington State Investment Board</td>
</tr>
<tr>
<td>Socially Responsible Balanced</td>
<td>Walden Asset Management</td>
</tr>
<tr>
<td>U.S. Large Cap Equity Index</td>
<td>BlackRock</td>
</tr>
<tr>
<td>Global Equity Index</td>
<td>BlackRock</td>
</tr>
<tr>
<td>U.S. Small Cap Value Equity Index</td>
<td>BlackRock</td>
</tr>
<tr>
<td>Emerging Market Equity Index</td>
<td>BlackRock</td>
</tr>
</tbody>
</table>
One-Step Investing
Automatically managed for you

<table>
<thead>
<tr>
<th>Your birth year:</th>
<th>Your default fund:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937 or before</td>
<td>Retirement Maturity Strategy</td>
</tr>
<tr>
<td>1938 – 1942</td>
<td>2005</td>
</tr>
<tr>
<td>1943 – 1947</td>
<td>2010</td>
</tr>
<tr>
<td>1948 – 1952</td>
<td>2015</td>
</tr>
<tr>
<td>1953 – 1957</td>
<td>2020</td>
</tr>
<tr>
<td>1958 – 1962</td>
<td>2025</td>
</tr>
<tr>
<td>1963 – 1967</td>
<td>2030</td>
</tr>
<tr>
<td>1968 – 1972</td>
<td>2035</td>
</tr>
<tr>
<td>1973 – 1977</td>
<td>2040</td>
</tr>
<tr>
<td>1978 – 1982</td>
<td>2045</td>
</tr>
<tr>
<td>1983 – 1987</td>
<td>2050</td>
</tr>
<tr>
<td>1988 – 1992</td>
<td>2055</td>
</tr>
<tr>
<td>1993 or after</td>
<td>2060</td>
</tr>
</tbody>
</table>

Conservative
Aggressive
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 2
  • At the current contribution rate
Enrollment Process

- Via your WorkDay Inbox notice, elect Plan 2 or Plan 3
- If Plan 2 enter the contribution rate
- If selecting Plan 3, also select:
  - The contribution option, enter the contribution rate
  - The investment option
    - If self-directed, also address how you wish to invest your contributions.
- From the information portion, use the beneficiary designation link to complete the form and mail directly to DRS.
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:
  - www.drs.wa.gov
  - www.drs.wa.gov/plan3

- Resources are listed on the PERS information sheet in your benefits package and on the HRS website, under Employees, then Benefits.
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 $19,500, for employees under 50 and $26,000 for employees over 50.
- Can enroll, cancel or change contribution amounts at anytime.
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
• [website link]

Voluntary Investment Plan (VIP) – a 403b Plan
• Vendor – TIAA
• 1-800-842-2888
• [website link]
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- www.tiaa.org/wsu
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

<table>
<thead>
<tr>
<th>DCP</th>
<th>VIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Tax Contributions only</td>
<td>Pre- or Post-Tax Contributions</td>
</tr>
<tr>
<td>After separation, distributions are</td>
<td>After separation, distributions</td>
</tr>
<tr>
<td>available without penalty at any age.</td>
<td>prior to age 59½ will be subject to</td>
</tr>
<tr>
<td></td>
<td>penalty taxes.</td>
</tr>
</tbody>
</table>

**DCP**

- Pre-Tax Contributions only
- After separation, distributions are available without penalty at any age.

**VIP**

- Pre- or Post-Tax Contributions
- After separation, distributions prior to age 59½ will be subject to penalty taxes.
## New Hire Timeline

<table>
<thead>
<tr>
<th>Day 1</th>
<th>Day 2-30</th>
<th>Within 30 days:</th>
<th>3 Months After Hire Date:</th>
<th>Within 90 days of first contribution – Withdrawals allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>You’re hired</td>
<td>DCP Notification Mailing</td>
<td>Opt Out Window</td>
<td>3% contributions begin</td>
<td>Withdrawals allowed</td>
</tr>
</tbody>
</table>
Resources

• Human Resource Services
  hrs.wsu.edu | 509.335.4521 | hrs.benefits@wsu.edu

• DRS
  www.drs.wa.gov | 800.547.6657 | recep@drs.wa.gov

• Voya Financial
  www.drs.wa.gov/plan3 | (888)327-5596

• TIAA
  • www.tiaa.org/WSU | 800.732-8353 in-person consultation
  • 800.842-2776 telephone consultation | Login to acct to send email
Questions?
Human Resource Services
139 French Administration
509-335-4521
hrs.benefits@wsu.edu

Thank You!