

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

Presented by
Human Resource Services

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Revised August 2022

Retirement Plans

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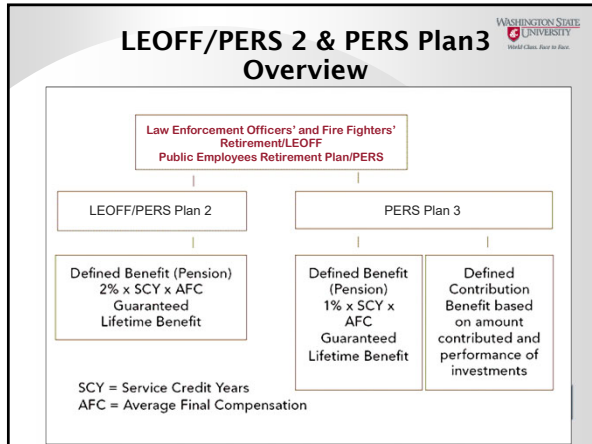
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Retirement Plan Options

- Possible Plans: PERS 1, 2, 3, LEOFF
 - New Employees have a choice between PERS 2 or 3, LEOFF Plan 2
- 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 LEOFF/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: $2\% \times 25 \text{ years} \times \$3,000/\text{mo. Salary} = \$1,500$

- Full retirement at age 65 with 5 SCY.
 - Early Retirement available at age 55 with 20 SCY, with a reduced benefit.
- LEOFF 2 - Full retirement at age 53 with 5 SCY.
 - Early Retirement available at age 50 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.

LEOFF/PERS 2

- PERS 2 employee contribution rate is currently 6.36%.
- PERS 2 employer contribution rate is currently 10.39%.
- LEOFF 2 employee contribution rate is currently 8.53%.
- LEOFF employer contribution rate is currently 5.33%.
- 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

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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


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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 10.39% 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

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Washington State Investment Board (WSIB)

TAP Fund

Self-Directed Investments

Do It Yourself

Retirement Strategy Funds




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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




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Build and Monitor Funds


You select, monitor, and adjust your own investments

Build and Monitor funds	
Fund name	Fund manager
Short-Term Investment Fund	BlackRock
Washington State Bond	Washington State Investment Board
Socially Responsible Balanced	Walden Asset Management
U.S. Large Cap Equity Index	BlackRock
Global Equity Index	BlackRock
U.S. Small Cap Value Equity Index	BlackRock
Emerging Market Equity Index	BlackRock



Conservative

Aggressive



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One-Step Investing

Automatically managed for you

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



Conservative

Aggressive



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 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 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.

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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.

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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 \$20,500, for employees under 50 and \$27,000 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

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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 will be automatically enrolled

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
- 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?
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Thank You!

