

(2009 Legislative update, continued)

House Bill 1551: Military Death Benefits. This law extends eligibility for an unreduced benefit to survivors of members who leave an employer and die during a period of war while honorably serving in the National Guard or military reserves. It applies to PERS, TRS, SERS, LEOFF, WSPRS and PSERS.

Engrossed Second Substitute Senate Bill 5688: Rights of Domestic Partners. This law, which has an effective date of January 1, 2014, provides that domestic partners registered with the state will be treated the same as married spouses, to the extent that treatment is not in conflict with federal law.

Public Employees' Retirement System

Senate Bill 6157: Calculating average final compensation. Under this law, the average final compensation that is used to calculate a retirement benefit for a PERS member will not be affected by salary reductions that are due to reduced hours, leave without pay or furloughs taken as a part of an employer's effort to reduce expenditures during the 2009-11 biennium. This bill does not grant retirement service credit.

Senate Bill 5315: Survivors of PERS 1 Inactive Members. Previously, the survivor of a PERS Plan 1 member who was eligible for retirement, but died after leaving employment and before applying for retirement, was eligible only for a refund of the member's contributions, plus interest. Under Senate Bill 5315, the survivor will have the option of either a refund of contributions, plus interest, or a monthly benefit, if the

member was eligible for retirement or had at least 10 years of service credit.

School Employees' Retirement System

Senate Bill 5303: Automatic transfer of service credit from PERS to SERS. On and after August 1, 2009, a member who becomes employed in an eligible SERS position will no longer have prior PERS Plan 2 service credit automatically transferred to SERS Plan 2.

From September 1, 2009 through November 30, 2009, current and inactive members of SERS Plan 2 who had PERS service credit transferred to SERS Plan 2 may request, in writing, to have that service credit transferred back to PERS Plan 2 if the individual:

- Did not earn service credit with a school district or educational service district before the transfer; and
- Has not transferred to SERS Plan 3 or PERS Plan 3.

Law Enforcement Officers' and Fire Fighters' System

House Bill 1506: Benefits for Survivors of Pre-LEOFF Members Who Retired Under the Firefighters' Relief and Pensions Act. This law affects pension benefits for survivors of firefighters who retired under the Firefighters' Relief and Pensions (FRP) Act. It removes language that currently stops the benefit if the surviving spouse remarries. The benefit will now continue for the lifetime of the spouse.

The FRP, which existed prior to the creation of LEOFF, is not administered by the Department of Retirement Systems.

House Bill 1678: Duty Disability Conversion. This bill took legislative changes from 2004 and 2005 a step further by reclassifying pre-2001 duty-related retirements as occupational disability retirements. That will allow affected retirees to receive favorable tax treatment on pension benefits they receive after the effective date of this bill.

This bill also establishes a minimum benefit for those with less than five years of service credit who retired from LEOFF Plan 2 before January 1, 2001.

Substitute House Bill 1953: Fish & Wildlife Officer Service Credit Transfer. This law allows Department of Fish and Wildlife Enforcement Officers to transfer service credit earned as an enforcement officer in PERS Plan 2 or Plan 3 to LEOFF Plan 2.

A member choosing to transfer service credit from PERS Plan 2 to LEOFF must pay the difference between the contributions the member made in PERS Plan 2 and the contributions the member would have paid in LEOFF Plan 2, plus interest, by June 30, 2014.

A member choosing to transfer service credit from PERS Plan 3 to LEOFF must pay the greater of the full balance of the member's defined contribution account or the amount of contributions that the member would have paid, had the service been rendered in LEOFF Plan 2, plus interest.

Member, employer and state contribution rates will increase to the extent necessary to fund the difference in the value of the service credit transferred between the plans, and the member contributions transferred into LEOFF Plan 2.

House Bill 1616: Domestic Partners in LEOFF Plan 2. This law gives domestic partners of LEOFF Plan 2 members the same pension rights and options as spouses.

Washington State Patrol Retirement System

Engrossed Substitute House Bill 1445: Domestic Partners in WSPRS. Under this law, state-registered domestic partners will receive the survivor and death benefits available to spouses of WSPRS members.

Other Pension-Related Bills

Engrossed Substitute Senate Bill 5238: Mailing Information to Members. Under this law, DRS must assist organizations that meet specific criteria with mailing information to retirees. The organization must exclusively provide representation or services to retired members of the state's retirement systems and have membership dues deducted through DRS. Any entity that meets this criteria may request DRS' assistance with mailings up to two times a year.

The mailings cannot support or oppose a political party, ballot measure or candidate and the organization must pay all related costs of the mailing. DRS will use a secure agreement with the mail center to provide the data required to address envelopes, ensuring that the organization does not have direct access to retiree names or addresses. DRS will not approve, disapprove, or in any other way take responsibility for the content of the mailings.

House Bill 2206: Old Age and Survivors Insurance (OASI) Program to DRS. This law facilitates the transfer of administration of the Old-Age and Survivors Insurance Program from the Employment Security Department to the Department of Retirement Systems. Governor Gregoire designated DRS as the OASI administrator effective July 1, 2009.

Administrative factors were updated in July

What administrative factors are

Administrative factors are the percentages we use to calculate adjustments to your retirement benefit if you choose options such as providing a survivor benefit or taking an early retirement. They're also used to calculate the cost of purchasing additional service credit.

If you requested a benefit estimate or the cost of purchasing service credit in the past year, you likely received a letter from us notifying you of the update.

The factors were updated July 1, 2009 for every plan and system except Washington State Patrol Retirement System (WSPRS) and Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2. Updated WSPRS and LEOFF Plan 2 administrative factors are expected to be implemented in the fall.

How they might affect you

The updated factors will affect your:

- Benefit amount if you choose certain options like a survivor benefit or retiring early;
- Cost to purchase or restore service credit; and/or
- Cost to purchase an annuity from the defined contribution part of Plan 3.

Why they change

At least once every six years, the Office of the State Actuary (OSA) compares the actual experience of the plans to assumptions previously made about what would occur and, if necessary, recommends adjustments to the administrative factors. DRS adopts the factors recommended by OSA for all plans except LEOFF Plan 2. The LEOFF Plan 2 Board adopts factors for LEOFF 2 members and provides those factors to DRS.

Assumptions about the future include:

- Members' future rates of retirement and disability;
- Members' total length of service;
- The rate at which members' salaries will increase; and
- Mortality and other life experiences of retirement plan members, retirees and their beneficiaries.

(continued on next page)

Governor appoints new DRS Director



In February, Governor Gregoire appointed Health Care Authority (HCA) Administrator Steve Hill as the new director of DRS. Hill is now leading both HCA and DRS. In this dual role, he chairs the Public Employee Benefits Board and is a member of the Washington State Investment Board and the Select Committee on Pension Policy.

A former senior vice president of human services for the Weyerhaeuser Company and Regent for Washington State University, Hill has headed the HCA since 2005. He is a member of the first class of the American Leadership Forum Chapter for Tacoma-Pierce County and on the board of directors for the Consumers Union, the Washington Public Affairs Network and the Puget Sound Health Alliance. Hill holds a Bachelor of Science degree from the University of California at Berkeley and a Master of Business Administration degree from the University of California at Los Angeles.

Under Hill's leadership, the two agencies are collaborating on enhancing service to their mutual customers. Several customer service initiatives are already under way.

The possibility of a merger was explored, but it was concluded that a merger would not result in significant cost savings for taxpayers or make good business sense. Instead, the two agencies will continue to work together on increasing customer satisfaction, maximizing shared services and strengthening their partnership.

Making it easy to see your future

We want to make sure you have all of the information you need to make the retirement decisions that are best for you. If you are within five years of retirement, register for one of our retirement planning seminars. At the seminar, representatives from DRS will discuss the retirement plans and the Deferred Compensation Program. Representatives from the Social Security Administration, Public Employees Benefits Board and VEBA (a medical expense reimbursement plan) will also provide you with information you need to successfully navigate the retirement process.

Register online or call us at 1-888-711-6676 (360-664-7300 in the Olympia area).

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Retirement Outlook is available to members in alternate formats.

New Web site puts your retirement needs first

Your valuable input helped us redesign the DRS Web site so your retirement needs come first. With the late summer launch of the new site, it will be easier than ever to reach your goals.

Here are some of the new features you'll find:

1. Access all your account information in one drop down menu – whether it's Plan 3 information you're looking for, or you want to increase the amount of your Deferred Compensation Program (DCP) deferral, you can select your account choices under *myDRS*.
2. Find your plan, your topics, your way – new categories and different navigation choices make finding your plan and system a snap. All you need to know is whether you're a member or a retiree. After that, traveling through the Web site is simple and intuitive.
3. Get what you want – Do you want to get a benefit estimate? Or print a 1099? Browse through the *I want to* lists to find the most-often requested items on the DRS Web site.
4. Keep up-to-date with the latest news and announcements – quickly locate recent articles related to retirement issues. If you want to read stories more in depth, or access the news archive, use the "See more news" link.

We're still listening!

Please keep sending us your feedback so we can make the DRS Web site a place where it's easy to see your future.

