



## Post 30-Year Program

Teachers' Retirement System (TRS) Plan 1 members who earn 30 years of service credit may choose to have their post 30-year retirement contributions placed in a separate, refundable account that earns 7.5 percent interest annually (compounded quarterly). If you elect to participate in the Post 30-Year Program, your contributions will be refunded when you retire, and will not reduce your retirement benefit.

However, your Average Final Compensation (AFC) at retirement will be based on the highest two consecutive fiscal years (July 1 – June 30) of compensation earned before your election date.

To participate, your service credit must be earned in TRS Plan 1; dual membership service credit does not apply.

The decision whether or not you should participate in the program will depend on your individual circumstances. This brochure is designed to help you understand how participation in the program works.

### Election deadline

DRS will send you a notification letter a few months before you reach 30 years of service credit. You will have six months from the time you accumulate 30 service credit years to choose to participate in the program. Please be advised that many individuals reach 30 years of service before the end of the school year. You reach 30 years after you have completed 144 full days in the fiscal year of your thirtieth service credit year.

### How does working more than 30 years affect my benefit?

If you work more than 30 years, your monthly retirement benefit calculation is influenced by two factors:

- Your salary; and
- Whether or not you choose to participate in the Post 30-Year Program.

If you do not elect to participate in the program within six months after you reach 30 service credit years, you no longer have the option to participate. If you do not participate in the program, your AFC will be based on your salary for the highest two consecutive fiscal years of your career and all contributions will remain in your original retirement account.

- If you elect to participate in the program, the effective date of election is the first of the month after DRS receives your election form. If you have not reached 30 years when the election form is received, the effective date is the first of the month after you reach 30 years.
- The effective date of election is a very important consideration because your AFC will be based on earnings prior to the effective date of election. For example, if your election date is June 1, your salary for June and thereafter will not be used to determine your AFC.
- If your salary will not increase after 30 years, it may be to your advantage to participate in the program. If you are not sure what your future earnings will be, you may want to discuss the program with your financial adviser.
- If you would like an estimate of benefits based on your current account information and your expected salary for the next five years, complete and return the attached *Request for Post 30-Year Program Benefit Estimate* form. Estimates based on different election dates can be requested for comparison.



## How is my benefit calculated?

If you do not withdraw any of your accumulated contributions, your maximum monthly retirement benefit is calculated as follows:

$$2\% \times \text{service credit years (up to 30)} \times \text{Average Final Compensation (AFC)} \div 12 = \text{maximum monthly benefit}$$

AFC is determined by adding the compensation (salary, wages, etc.) for your two highest-paid consecutive fiscal years (July 1 – June 30), and then dividing by two. A higher AFC provides a higher benefit.

If you elect to participate in the Post 30-Year Program, only salary earned prior to your election date will be used to determine your AFC. Your projected salary beyond 30 years of service is an important consideration.

### EXAMPLES

These examples assume that you reach 30 years of service credit in June 2009, at the age of 54. You decide to retire in June 2011 with 32 years of service credit. Your salary for the last four years is:

29th Year = \$48,000;  
 30th Year = \$49,000;  
 31st Year = \$50,000 (projected);  
 32nd Year = \$51,000 (projected).

#### You do not join the Post 30-Year Program

Your highest consecutive fiscal year salaries are \$50,000 and \$51,000.  
 Your AFC =  $(\$50,000 + \$51,000) \div 2 = \$50,500$

#### Maximum monthly benefit

$$= 2\% \times 30^* \text{ years} \times \$50,500 \div 12$$

$$= .02 \times 30 \times \$50,500 \div 12$$

$$= \$2,525$$

\*Under the 2 percent formula, the maximum benefit amount of 60% of AFC is reached at 30 years.

### EXAMPLES CONTINUED

#### You elect to join the Post 30-Year Program

You elect to join the program as soon as you're eligible (July 1, 2009) and work until your 32nd year. Your highest consecutive fiscal year salaries before joining the program are \$48,000 and \$49,000.  
 Your AFC =  $(\$48,000 + \$49,000) \div 2 = \$48,500$

#### Maximum monthly benefit

$$= 2\% \times 30^* \text{ years} \times \$48,500 \div 12$$

$$= .02 \times 30 \times \$48,500 \div 12$$

$$= \$2,425$$

#### Post-election refund of contributions and interest

= \$6,470.58  
 (\$6,060 in contributions and \$410.58 in interest)

### Disbursement and tax information

If you choose to participate in the program, you will receive your post 30-year contributions and interest when you retire from TRS Plan 1. You cannot defer receiving your post 30-year funds. However, you can roll the funds over to an Individual Retirement Account (IRA) or qualified retirement plan that accepts 401a plan rollovers.

If you are younger than 59½ when you retire from TRS Plan 1, and you do not rollover your post 30-year funds, there may be an additional 10 percent Internal Revenue Service (IRS) tax on your refund.

For more information on the tax treatment of payments from eligible retirement plans, read IRS publication 575, *Pension and Annuity Income*, available on the IRS website at [www.irs.gov](http://www.irs.gov).

Please note that DRS staff are not authorized to give tax advice.



**TEACHERS' RETIREMENT SYSTEM (TRS)**  
**PLAN 1 REQUEST FOR POST 30-YEAR PROGRAM**  
**BENEFIT ESTIMATE**

PO Box 48380 Olympia, WA 98504-8380 ♦ www.drs.wa.gov  
 Toll Free: 1-800-547-6657 ♦ Olympia Area: 360-664-7000 ♦ TTY: 360-586-5450

Complete (type or print) all requested information, sign, date and return this form to DRS. **Note:** This is **not** an election form, DRS will include a form for election to participate in the Post 30-Year Program with your benefit estimate.

|                                    |                             |                        |     |
|------------------------------------|-----------------------------|------------------------|-----|
| Name (Last, First, Middle Initial) |                             | Social Security Number |     |
| Daytime Phone Number<br>( )        | Evening Phone Number<br>( ) | Date of Birth          |     |
| Mailing Address                    | City                        | State                  | ZIP |
| Current Employer                   |                             | Your Position          |     |

1. Have you previously retired from the Washington State Teachers' Retirement System (TRS)? (If you reached 30 years of service prior to your previous retirement, you are not eligible for this program.)  Yes  No

2. What is your estimated last day of service? \_\_\_\_\_ month / day / year

3. What was your total compensation for the most recently completed contracted year? \$ \_\_\_\_\_

4. What is your projected total compensation for each year after the year entered in #3, until you retire?

\$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

5. What is your vacation leave cash out (if applicable) on your last day of service? \$ \_\_\_\_\_

6. What is the date of birth for your continuing beneficiary? (TRS will calculate benefit estimates under all benefit payment options.) \_\_\_\_\_ month / day / year

7. What is the name of your continuing beneficiary?\* \_\_\_\_\_  
(Please Print)

\* This is not a beneficiary designation. To update your beneficiary, you may obtain a *Beneficiary Designation* form on the DRS Web site at www.drs.wa.gov.

|           |      |
|-----------|------|
| Signature | Date |
|-----------|------|

**Return completed form to:**  
**Department of Retirement Systems PO Box 48380 Olympia, WA 98504-8380**

Department of Retirement Systems (DRS) requires that you provide your Social Security number for this form.

- DRS will use your Social Security number as a reference number and to ensure that any funds disbursed under your account are correctly reported to the IRS.
- DRS will not disclose your Social Security number unless required by law.
- Internal Revenue Code Sections 6041(a) and 6109 allow DRS to request your Social Security number.



## Contacting DRS

For more information about the Post 30-Year Program, contact DRS directly. DRS office hours are 8 a.m. to 5 p.m., Monday through Friday, except legal holidays.

Website: *www.drs.wa.gov*

Telephone: 1-800-547-6657, or  
360-664-7000 in the Olympia area

TTY: 1-866-377-8895, or  
360-586-5450 in the Olympia area

E-mail: *recep@drs.wa.gov*

Address: PO Box 48380  
Olympia, WA 98504-8380

*March 2009*

## Summary Description

The rules governing the Post 30-Year Program are contained in state retirement law. This publication is a summary, written in non-legal terms. It is not a complete description of the law. If there are any conflicts between what is written in this publication, and what is contained in the law, the applicable law will govern.