

Retirement Benefits Q&A

## **Questions & Answers**

Updated 5/26/2010

### **1. How will the temporary layoff affect the contributions I make to my retirement plan and my future benefit?**

The retirement contributions you make are based on the compensation you are paid each month. In the month that you have a temporary layoff, your compensation will be less and the amount of contributions will also be less. For PERS Plan 1 and 2 members, the reduction in contributions will not have any impact on the amount of average salary used to calculate your benefit. See the question "How does the passage of ESSB 6503 impact retirement benefits?" on how the temporary layoffs may affect your service credit. For PERS Plan 3 members, the reduction in contributions will reduce the amount of money you contribute to the defined contribution portion of your benefit.

### **2. How does the passage of ESSB 6503 impact the calculation of retirement benefits?**

In general, the reduction of hours and subsequent reduction in compensation paid to employees due to ESSB 6503 should not have an impact on the calculation of retirement benefits if members work enough hours to earn a full service credit in the month in which the reduction occurred. If the reduction in compensation falls in the period of time used in the member's retirement benefit calculation, DRS will use the compensation the employee would have earned had it not been for the reduction of hours. The reduction in compensation must be an integral part of the employer's expenditure reduction efforts for the 2009-2011 biennium.

More specific impacts vary depending upon the retirement plan.

Reducing a full-time employee by one scheduled work shift a week would not impact plan eligibility and retirement service credit for members of the Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), and Washington State Patrol Retirement System (WSPRS). However, it would impact members of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) and the Public Safety Employees' Retirement System (PSERS) if they do not meet the

exemptions in Section 3 subsection 4 of the bill. Employees who would normally be eligible for membership in LEOFF and PSERS retirement systems would not meet the full time requirement for membership in each system. To mitigate this, the positions must remain regularly scheduled for at least 160 hours per month and the reduced hours must be defined by the employer as leave without pay.

Reducing hours to the point that a member works less than 90 hours per month would impact most members' retirement benefits, not just those in their final years of employment. Ninety hours per month is required for Plan 2 and 3 members to receive a full service credit for the month.

Reducing hours to less than 70 hours per month has a potentially greater impact, as it will reduce the number of service credits months that Plan 1 members earn and reduce further those that Plan 2 and 3 members earn. Membership eligibility also could be significantly impacted by reducing hours to less than 70 hours per month.

### **3. Can I change the amount I am contributing to my Deferred Compensation Program (DCP) account?**

You may change your amount whenever you want to, by visiting the DCP website at [www.drs.wa.gov/dcp](http://www.drs.wa.gov/dcp) or calling the DCP Information Line at 888-327-5596. The change takes place the pay period after you make your request. For example, if you request a change on June 3, it is effective for the state pay period beginning June 16 and you would see the change on your July 9 pay stub.

### **4. Who do we contact if we have a retirement related question about temporary layoff that has not been addressed?**

- Employees should contact DRS' Retirement Services Division:  
**E-mail:** [recep@drs.wa.gov](mailto:recep@drs.wa.gov)  
**Phone:** 360-664-7000 or toll free (outside the Olympia area) 1-800-547-6657  
**TTY Line** (for the hearing impaired): 360-586-5450 or toll free (outside the Olympia area) 1-866-377-8895
- For employer questions, contact DRS' Employer Support Services:  
**E-mail:** [drsemployer@drs.wa.gov](mailto:drsemployer@drs.wa.gov)  
**Phone:** 1-800-547-6657, option '6', then '2' or (360) 664-7200, option '2'