

# Title 415 WAC

## RETIREMENT SYSTEMS, DEPARTMENT OF

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### Chapter 415-02 WAC

#### GENERAL PROVISIONS

#### WAC

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**WAC 415-02-030 Definitions.** This section contains definitions of words and phrases commonly used in the department of retirement systems' rules. It also serves as a directory for finding definitions within the RCWs and WACs.

(1) **Accumulated contributions** means the sum of all contributions paid into a member's defined benefit account, including interest.

(2) **Appeal** means the proceeding through which a party obtains review of a department action in an adjudicative proceeding conducted under chapter 34.05 RCW (the Adminis-

trative Procedure Act) and chapter 415-08 WAC (the department's appeal rules).

(3) **Average final compensation** is defined in RCW 41.32.010(30) (TRS); RCW 41.35.010(14) (SERS); RCW 41.40.010(17) (PERS); and RCW 41.37.010(14) (PSERS).

(4) **Average final salary** for WSPRS is defined in RCW 43.43.120(15).

(5) **Cafeteria plan** means a "qualified" employee benefit program under IRC section 125, such as certain health and welfare plans.

(6) **Calendar month.**

(a) Refers to one of the twelve named months of the year, extending from the first day of the named month through the last day. For example: January 1st through January 31st is a calendar month. February 1st through February 29th is a calendar month in a leap year. March 13th through April 12th is *not* a calendar month.

(b) Exception: For the purpose of administering the break in employment required by RCW 41.32.570, 41.32.-802, 41.32.862, 41.35.060, 41.37.050 and 41.40.037 for retirees returning to work, one calendar month means thirty consecutive calendar days. For example: Kim's retirement date is August 1. August 31 would be the earliest Kim could return to work and meet the requirement for a one calendar month break in employment.

(7) **Compensation earnable or earnable compensation** definitions can be found in RCW 41.32.010(10) and 41.32.345 (TRS); RCW 41.35.010(6) (SERS); RCW 41.37.-010(6) (PSERS); and RCW 41.40.010(8) (PERS).

(8) **Contribution rate** is:

(a) For employees: The fraction (percent) of compensation a member contributes to a retirement system each month.

(b) For employers: The fraction (percent) of payroll a member's employer contributes to a retirement system each month. Contribution rates vary for the different systems and plans.

(9) **Deferred compensation** refers to the amount of the participant's compensation, which the participant voluntarily defers from earnings before taxes to a deferred compensation program.

(10) **Defined benefit plan** is a pension plan in which a lifetime retirement allowance is available, based on the member's service credit and compensation.

(11) **Defined contribution plan** is a plan in which part of members' or participants' earnings are deferred into an investment account in which tax is deferred until funds are withdrawn. The benefit is based on the contribution rate and the amount of return from the investment of the contributions. Members or participants receive the full market rate of return minus expenses. There is no guaranteed rate of return and the value of an account will increase or decrease based upon market fluctuations.

(12) **Department** means the department of retirement systems.

(13) **Director** means the director of the department of retirement systems.

(14) **Employee** means a worker who performs labor or services for a retirement systems employer under the control and direction of the employer as determined under WAC 415-02-110(2). An employee may be eligible to participate as a member of one of the state-administered retirement systems

according to eligibility requirements specified under the applicable retirement system.

(15) **Employer** is defined in RCW 41.26.030(2) (LEOFF), 41.32.010(11) (TRS), 41.34.020(5) (Plan 3), 41.35.010(4) (SERS), 41.37.010(4) (PSERS) and 41.40.010(4) (PERS).

(16) **Ex-spouse** refers to a person who is a party to a "dissolution order" as defined in RCW 41.50.500(3).

(17) **Final average salary for LEOFF** is defined in RCW 41.26.030(12).

(18) **Gainsharing** is the process through which members of certain plans share in the extraordinary investment gains on earnings on retirement assets under chapters 41.31 and 41.31A RCW.

(19) **Independent contractor** means a contract worker who is not under the direction or control of the employer as determined under WAC 415-02-110 (2) and (3).

(20) **IRC** means the Federal Internal Revenue Code of 1986, as subsequently amended.

(21) **JRF** means the judges' retirement fund created by chapter 2.12 RCW.

(22) **JRS** means the Washington judicial retirement system created by chapter 2.10 RCW.

(23) **LEOFF** means the Washington law enforcement officers' and firefighters' retirement system created by chapter 41.26 RCW.

(24) **Member** means a person who is included in the membership of one of the retirement systems created by chapters 2.10, 2.12, 41.26, 41.32, 41.34, 41.35, 41.37, 41.40, or 43.43 RCW.

(25) **Participant** means an eligible employee who participates in a deferred compensation or dependent care assistance plan.

(26) **Participation agreement** means an agreement that an eligible employee signs to become a participant in a deferred compensation or dependent care assistance plan.

(27) **Pension plan** is a plan that provides a lifelong post retirement payment of benefits to employees.

(28) **PERS** means the Washington public employees' retirement system created by chapter 41.40 RCW.

(29) **Petition** means the method by which a party requests a review of an administrative determination prior to an appeal to the director. The department's petitions examiner performs the review under chapter 415-04 WAC.

(30) **Plan 1** means the retirement plans in existence prior to the enactment of chapters 293, 294 and 295, Laws of 1977 ex. sess.

(31) **Plan 2** means the retirement plans established by chapters 293, 294 and 295, Laws of 1977 ex. sess., chapter 341, Laws of 1998, and chapter 329, Laws of 2001.

(32) **Plan 3** means the retirement plans established by chapter 239, Laws of 1995, chapter 341, Laws of 1998, and chapter 247, Laws of 2000.

(33) **Plan year** is the twelve-month period that begins on January 1st and ends on December 31st of the same calendar year.

(34) **Portability** is the ability to use membership in more than one Washington state retirement system in order to qualify for retirement benefits. See chapters 41.54 RCW and 415-113 WAC.

(35) **PSERS** means the Washington public safety employees' retirement system created by chapter 41.37 RCW.

(36) **Public record** is defined in RCW 42.17.020(41).

(37) **Restoration** is the process of restoring a member's service credit for prior periods.

(38) **Retirement system employer - see "employer."**

(39) **Rollover** means a distribution that is paid to or from an eligible retirement plan within the statutory time limit allowed.

(40) **Separation date** is the date a member ends employment in a position eligible for retirement or disability benefit coverage.

(41) **SERS** means the Washington school employees' retirement system created by chapter 41.35 RCW.

(42) **Split account** is the account the department establishes for a member or retiree's ex-spouse.

(43) **Surviving spouse** refers to a person who was married to the member at the time of the member's death and who is receiving or is eligible to receive a survivor benefit.

(44) **Survivor beneficiary** means a person designated by the member to receive a monthly benefit allowance after the member dies.

(45) **Survivor benefit** is a feature of a retirement plan that provides continuing payments to a beneficiary after the death of a member or retiree.

(46) **TRS** means the Washington state teachers' retirement system created by chapter 41.32 RCW.

(47) **The Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA)** is the federal law that requires employers to reemploy and preserve job security, pension and welfare benefits for qualified employees who engage in military service.

(48) **WSPRS** means the Washington state patrol retirement system created by chapter 43.43 RCW.

[Statutory Authority: RCW 41.50.050(5), 10-24-099, § 415-02-030, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5) and 41.04.640, 09-01-021, § 415-02-030, filed 12/8/08, effective 1/8/09. Statutory Authority: RCW 41.50.050(5), 06-18-009, § 415-02-030, filed 8/24/06, effective 9/24/06. Statutory Authority: RCW 41.50.050(5), 41.40.010(42), 41.40.037, 04-04-037, § 415-02-030, filed 1/29/04, effective 3/1/04. Statutory Authority: RCW 41.50.050(5), 02-23-037, § 415-02-030, filed 11/13/02, effective 1/1/03; 02-01-120, § 415-02-030, filed 12/19/01, effective 1/19/02. Statutory Authority: RCW 41.50.050, 00-10-016, § 415-02-030, filed 4/21/00, effective 5/22/00; 94-09-039, § 415-02-030, filed 4/19/94, effective 5/20/94; Order 4, § 415-02-030, filed 7/27/77.]

**WAC 415-02-177 May I purchase additional service credit? (1) What is the option for purchasing additional service credit?** The following statutes provide an option for eligible members to purchase additional service credit that provides a guaranteed, lifetime increase to their monthly retirement benefit:

- (a) RCW 41.26.199 for LEOFF Plan 1 members;
- (b) RCW 41.26.432 for LEOFF Plan 2 members;
- (c) RCW 41.40.034 for PERS Plan 1, 2, and 3 members;
- (d) RCW 41.37.265 for PSERS Plan 2 members;
- (e) RCW 41.35.183 for SERS Plan 2 and 3 members;
- (f) RCW 41.32.066 for TRS Plan 1, 2, and 3 members;
- (g) RCW 43.43.233 for WSPRS Plan 1 and 2 members.

**(2) Am I eligible to purchase additional service credit?**

(a) You may purchase additional service credit if you are eligible to retire from one or more of the following plans and you elect a monthly benefit rather than a lump sum payment:

- (i) LEOFF Plan 1 or 2 under RCW 41.26.090 or 41.26.430;
- (ii) PERS Plan 1, 2 or 3 under RCW 41.40.180, 41.40.-630, or 41.40.820;
- (iii) PSERS Plan 2 under RCW 41.37.210;
- (iv) SERS Plan 2 or 3 under RCW 41.35.420 or 41.35.-680;
- (v) TRS Plan 1, 2, or 3 under RCW 41.32.480, 41.32.-765, or 41.32.875; or
- (vi) WSPRS Plan 1 or 2 under RCW 43.43.250.

(b) If you retire as a result of a disability, you may purchase additional service credit if you meet the requirements in (a) of this section.

**(3) How much additional service credit may I purchase?** If you are eligible, you may purchase from one to sixty months of additional service credit in whole month increments.

$$\begin{aligned} \text{Amount of increase} &= 2\% \times \text{additional service credit years} \times \text{AFC} \times \text{early retirement factor} \\ &= 2\% \times 5 \text{ years} \times \$4000 \times .7240000 \\ &= \$289.60 \end{aligned}$$

**Example 2 (TRS Plan 3):** Jane is a member of TRS Plan 3. She applies for retirement, effective the first month after her 62nd birthday. Her AFC is \$4000 per month. If she purchases sixty months of additional service credit, her monthly retirement benefit will increase by \$144.80 per month, calculated as follows:

Additional service credit: 60 months ÷ 12 = 5 years  
 Early retirement factor (WAC 415-02-320(5)): .7240000

$$\begin{aligned} \text{Amount of increase} &= 1\% \times \text{additional service credit years} \times \text{AFC} \times \text{early retirement factor} \\ &= 1\% \times 5 \text{ years} \times \$4000 \times .7240000 \\ &= \$144.80 \end{aligned}$$

**Example 3 (LEOFF Plan 2):** Jim is a member of LEOFF Plan 2. He applies for retirement, effective the first month after his 53rd birthday. His FAS is \$4000 per month. If he purchases sixty months of additional service credit, his monthly retirement benefit will increase by \$400 per month, calculated as follows:

Additional service credit: 60 months ÷ 12 = 5 years

$$\begin{aligned} \text{Amount of increase} &= 2\% \times \text{additional service credit years} \times \text{FAS} \\ &= 2\% \times 5 \text{ years} \times \$4000 \\ &= \$400 \end{aligned}$$

**(7) How is the cost of the additional purchased service credit calculated?** The cost to purchase additional service credit is calculated by dividing the amount of the increase in subsection (6) of this section by the age-based annuity factor in WAC 415-02-340.

**Example.** In subsection (6) of this section, Example 1, it was determined that John's retirement benefit would increase by \$289.60 per month. The cost to purchase the five years of additional service credit would be \$44,542.88, calculated as follows:

$$\begin{aligned} \text{Age-based annuity factor (WAC 415-02-340):} &.0065016 \\ \text{Cost} &= \text{Amount of increase} \div \text{age-based annuity factor} \\ &= \$289.60 \div .0065016 \\ &= \$44,542.88 \end{aligned}$$

**(8) How and when do I pay for the additional service credit?** The department will generate a bill to you for the cost of the additional service credit.

(a) Payment may be made with an eligible rollover, a direct rollover or a trustee-to-trustee transfer, if allowed by the transferring plan. Payment may also be made with after-tax dollars, such as money from a personal savings account.

**(4) May I use the additional purchased service credit to qualify for normal retirement or an early retirement?** No. You may not use the purchased service credit to qualify for normal retirement or to qualify for an early retirement.

**(5) When must I apply to purchase additional service credit?** You must submit your request to purchase additional service credit to the department at the same time you submit your application for retirement.

**(6) How much will my monthly retirement benefit increase if I purchase additional service credit?** The increase in your monthly retirement benefit will be calculated using the benefit formula for your system and plan, with a reduction for early retirement, if applicable.

**Example 1 (PERS Plan 2):** John is a member of PERS Plan 2. He applies for retirement, effective the first month after his 62nd birthday. His AFC is \$4000 per month. If he purchases sixty months of additional service credit, his monthly retirement benefit will increase by \$289.60 per month, calculated as follows:

Additional service credit: 60 months ÷ 12 = 5 years  
 Early retirement factor (WAC 415-02-320(5)): .7240000

However, IRS regulations limit the amount of after-tax dollars you may use to purchase additional service credit.

(b) Payment must be made in full within ninety days after the bill issue date.

**(9) If I choose a benefit option with a survivor feature, will my survivor beneficiary's monthly benefit reflect the additional purchased service credit?** Yes.

Depending upon the rules for your retirement system and plan and the benefit option you choose at retirement, your survivor beneficiary's monthly benefit will be a percentage of the gross monthly retirement benefit you were receiving at the time of your death. If you choose a benefit option with a survivor feature and your survivor beneficiary dies before you, your monthly retirement benefit will increase to the amount it would have been had you not selected a survivor option.

**(10) Will I receive a cost of living adjustment (COLA) on the portion of my benefit that is based on the additional purchased service credit?**

(a) For all systems and plans, except as noted in (b) of this subsection, your COLA will be based on your gross monthly retirement benefit, including the increase due to the purchased service credit.

(b) If you retire from PERS Plan 1 or TRS Plan 1 and you do not elect the optional auto COLA, you will not receive a COLA on the additional purchased service credit amount.

**(11) If I purchase additional service credit and then return to work, how will my retirement benefit be affected?**

(a) If you return to work with an employer that participates with the department:

(i) Elect to return to membership - Your entire retirement benefit is suspended, including the portion of your retirement benefit attributable to service credit purchased under this section .

(ii) Do not elect to return to membership - If your retirement benefit is suspended due to working over the hours allowed annually, the portion of your retirement benefit attributable to service credit purchased under this section will not be suspended.

(b) If you return to work with an employer that does not participate with the department, your retirement benefit and the portion of your retirement benefit attributable to service credit purchased under this section will not be suspended.

**(12) If I retire and purchase less than sixty months of additional service credit, may I purchase more at a later time?** If you retire and purchase less than sixty months of additional service credit, you may not purchase additional months of service credit from the same plan unless you return to membership and rehire from the same system and plan. You must meet the eligibility requirements provided in subsection (2) of this section at the time you rehire. You may not purchase more than a total of sixty months of service credit regardless of how many times you rehire from the same system and plan.

**(13) May I purchase service credit from more than one retirement plan?**

(a) If you are a dual member under chapter 415-113 WAC, Portability of public employment benefits, and you combine service credit to retire as a dual member, you may purchase up to sixty months of additional service credit from each of your dual member plans.

(b) If you retire from more than one plan, but are not a dual member under chapter 415-113 WAC, you may purchase up to sixty months of additional service credit from each plan in which you meet the eligibility requirements in subsection (2) of this section.

**(14) How are the funds I paid to purchase the additional service credit treated upon my death (and the death of my survivor beneficiary, if applicable)?**

(a) Plans 1 and 2. The amount paid to purchase the additional service credit is credited to your individual account as part of your accumulated contributions. Distribution of accumulated contributions after your death (and the death of your survivor beneficiary, if any) is governed by the statutes and rules applicable to your plan. See:

- (i) WAC 415-108-326 for PERS Plan 1 and 2;
- (ii) WAC 415-112-504(8) for TRS Plan 1;
- (iii) WAC 415-112-505(7) for TRS Plan 2;
- (iv) WAC 415-110-610(7) for SERS Plan 2;
- (v) WAC 415-106-600(7) for PSERS Plan 2;
- (vi) WAC 415-103-215 for WSPRS Plan 1;
- (vii) WAC 415-103-225(7) for WSPRS Plan 2;
- (viii) WAC 415-104-202 for LEOFF Plan 1; or
- (ix) WAC 415-104-215(7) for LEOFF Plan 2.

(b) Plan 3. The amount paid to purchase the additional service credit is credited to the Plan 3 trust fund and not to your member account. There are no circumstances under which the amount will be distributed upon your death.

[Statutory Authority: RCW 41.50.050(5), 10-16-086, § 415-02-177, filed 7/30/10, effective 9/1/10. Statutory Authority: RCW 41.50.050(5), 2006 c 214, and RCW 41.26.432, 06-16-043, § 415-02-177, filed 7/26/06, effective 8/26/06.]

**WAC 415-02-300 How does the department use actuarial tables, schedules, and factors?** (1) The department uses actuarial tables, schedules, and factors for, but not limited to, benefit calculations, annuitizing benefits, and calculating cost to purchase service credit for members, retirees, and beneficiaries.

(2) The department adopted tables, schedules, and factors upon the office of the state actuary's (OSA) recommendation, following OSA's investigation into the mortality, service, compensation, and other experience of retirement plan members, retirees, and beneficiaries.

(3) The tables, schedules, and factors may be amended from time to time, based upon subsequent actuarial investigation.

(4) The department uses the tables, schedules, and factors:

(a) In effect at the time of the member's effective retirement date to calculate the member's retirement benefit.

(b) In effect at the time of the annuitizing to calculate an annuitized benefit.

(c) In effect at the time of purchase to determine a member's cost to purchase service credit.

[Statutory Authority: RCW 41.50.050(5), 10-16-086, § 415-02-300, filed 7/30/10, effective 9/1/10. Statutory Authority: RCW 41.50.050(5) and chapter 41.45 RCW, 02-18-048, § 415-02-300, filed 8/28/02, effective 9/1/02.]

**WAC 415-02-310 How does the department use my age in calculating benefits?** This section provides an overview of the several different ways in which the department uses age in calculating benefits. The department may use your age to determine your retirement date, early retirement factors to apply, survivor factors, or cost-of-living (COLA) adjustment factors.

(1) **Present value:** The department uses a rounding method to determine your age when calculating what your future lifetime monthly benefit is worth in present-day dollars. If the number of months in your age is under six months, the department will round down. If the number is six months or more, the department will round up. See WAC 415-02-340 for more information about the present value calculations.

**Example 1:**

At the time that the department is calculating Sharon's age in making a present value calculation, Sharon is 55 years, 5 months and 26 days old. The department will round down and use 55 as Sharon's age.

**Example 2:**

At the time that the department is calculating Donna's age in making a present value calculation, Donna is 54 years and 7 months old. The department will round up and use 55 as Donna's age.

(2) **Early retirement:** The department uses the difference between the date you are eligible for normal retirement and your date of actual retirement to calculate any actuarial reduction to your benefit. See WAC 415-02-320 for more information about early retirement.

(a) **Step 1: The department determines the date you are eligible for normal retirement.**

(i) **All plans** (except for LEOFF Plan 1, TRS Plan 1, WSPRS Plans 1 and 2, JRF and JRS): You can retire the first day of the month following your meeting the age requirement for retirement if you are otherwise eligible.

Example: Jake was born on May 12, 1941. On May 12, 2006, Jake reached age 65 and met the age requirement for retirement. Provided that he is otherwise eligible, Jake's retirement date is June 1, 2006.

(ii) **LEOFF Plan 1, TRS Plan 1, WSPRS Plans 1 and 2, JRF, and JRS:** If a retirement date other than the first of the month is allowed, you can retire on the day you meet the age requirement, or the following day (depending on the plan).

Example: If Jake is a member of this type of plan, he could retire May 12th or 13th, 2006 (his birthday or the day after his birthday).

(b) **Step 2:** The department determines the difference between the date you are eligible for normal retirement and your date of actual retirement as follows:

(i) **Example 1:**

Date of eligibility for normal retirement	06/01/06
Date of actual retirement	08/01/02
Determination of full years:	08/01/02 to 07/31/05 is 3 years
Determination of full months:	08/01/05 to 05/31/06 is 10 months
Difference is:	3 years, 10 months

(ii) **Example 2:**

Date of eligibility for normal retirement	05/13/06
Date of actual retirement	08/01/02
Determination of full years:	08/01/02 to 07/31/05 is 3 years
Determination of full months:	08/01/05 to 04/30/06 is 9 months

Additional days are not considered: 05/01/06 to 05/13/06 are not considered  
 Difference is: 3 years, 9 months

(c) **Step 3: Determine the early retirement factor.** The department uses the difference calculated in step 2 to determine the early retirement factor used to calculate your benefit as described in WAC 415-02-320.

(3) **Optional COLA factor for PERS Plan 1 and TRS Plan 1.** The department uses the rounding method described in the "present value" subsection in this section to calculate your age when determining the optional COLA factor. See WAC 415-02-360 for a description of the optional COLA factor calculation.

(4) **Calculating age to use in determining the survivor option factor.** At retirement, if you select a survivor option, the department must calculate the difference between your age and your survivor beneficiary's age. See WAC 415-02-380 for more information about survivor options.

(a) **Step 1:** The department calculates your age and your survivor beneficiary's age at the time of your retirement.

(b) **Step 2:** The department rounds the ages, using the same method described in the "present value" subsection in this section.

(c) **Step 3:** The department subtracts your survivor beneficiary's age from your age.

**Example:**

Member's age:	60
Minus survivor beneficiary's age:	<u>49</u>
	11

Result: The department will use the survivor option factor for a survivor beneficiary who is 11 years younger than the member.

**Example:**

Member's age:	65
Minus survivor beneficiary's age:	<u>67</u>
	-2

Result: The department will use the survivor option factor for a survivor beneficiary who is two years older than the member.

(5) **Terms used**

- (a) JRF - Judicial retirement fund.
- (b) JRS - Judicial retirement system.
- (c) LEOFF - Law enforcement officers' and firefighters' retirement system.
- (d) PERS - Public employees' retirement system.
- (e) SERS - School employees' retirement system.
- (f) TRS - Teachers' retirement system.
- (g) WSPRS - Washington state patrol retirement system.

[Statutory Authority: RCW 41.50.050(5), 10-16-086, § 415-02-310, filed 7/30/10, effective 9/1/10. Statutory Authority: RCW 41.50.050(5) and chapter 41.45 RCW, 08-20-068, § 415-02-310, filed 9/25/08, effective 10/26/08; 03-06-044, § 415-02-310, filed 2/27/03, effective 4/1/03.]

**WAC 415-02-320 Early retirement factors. (1) What are early retirement factors?** Early retirement factors (ERFs) are used by the department to reduce a monthly retirement benefit when that payment begins before the member has qualified for normal retirement based on age and service. This reduction offsets the cost to the plan of paying the monthly benefit for a longer time.

**(2) In what situations will the department use an ERF?**

(a) The department will use an ERF to reduce a monthly benefit in any of the following situations, subject to the law governing your plan, and subject to the exceptions in (b) of this subsection:

- (i) You choose to retire early.
- (ii) You retire due to a disability before you are eligible for normal retirement.
- (iii) You die before you are eligible for normal retirement, and your beneficiary is eligible for a monthly benefit.

(b) An ERF is not used in the following circumstances, although another method may be used to reduce benefits as required by the laws governing each plan:

	Early Retirement	Disability Retirement	Death Prior to Retirement
LEOFF Plan 1:	N/A	N/A	N/A
LEOFF Plan 2:	RCW 41.26.430	RCW 41.26.470	RCW 41.26.510
PERS Plan 1:	N/A	N/A	RCW 41.40.270
PERS Plan 2:	RCW 41.40.630	RCW 41.40.670	RCW 41.40.700
PERS Plan 3:	RCW 41.40.820	RCW 41.40.825	RCW 41.40.835
PSERS:	N/A	RCW 41.37.230	RCW 41.37.250
SERS Plan 2:	RCW 41.35.420	RCW 41.35.440	RCW 41.35.460
SERS Plan 3:	RCW 41.35.680	RCW 41.35.690	RCW 41.35.710
TRS Plan 1:	N/A	N/A	RCW 41.32.520
TRS Plan 2:	RCW 41.32.765	RCW 41.32.790	RCW 41.32.805
TRS Plan 3:	RCW 41.32.875	RCW 41.32.880	RCW 41.32.895
WSPRS Plan 1:	RCW 43.43.280	N/A	N/A
WSPRS Plan 2:	RCW 43.43.280	N/A	RCW 43.43.295

**(3) How does the department determine the number of years on which to base the ERF?** The calculation varies among plans:

(a) ERFs are based on the number of years between the age at which you retire, or die, and the age at which you would have qualified for normal retirement based on age and service.

Example - early retirement: Sandy, a PERS Plan 2 member, applies for retirement at age 56 years and one month with a total of 21.11 years of service. Her average final compensation (AFC) is \$3,500.00.

PERS Plan 2 provides for two percent (.02) of AFC per year of service. A PERS Plan 2 member must be age 65 to retire with an unreduced benefit (i.e., normal retirement), but is eligible to retire with an actuarially reduced benefit (i.e., early retirement) at age 55 with 20 years of service credit.

The difference between Sandy's age now (56) and the age at which she would have qualified for normal retirement (age 65) is 8 years and 11 months. The corresponding ERF is 0.3987. Therefore, the department will multiply Sandy's AFC of \$3,500 x .02 x 21.11 (service credit years) x 0.3987 (ERF). Sandy's monthly retirement benefit will be \$589.16.

(b) WSPRS Plan 2 only: The ERF used to calculate your survivor's monthly benefit if you die before retirement is based on the number of years between the age at which you die and age fifty-five (55) or when you could have attained twenty-five (25) years of service, whichever is less. See RCW 43.43.295.

Example - early retirement: The survivor benefit, in this example, will also have a reduction applied for 100% joint

(i) You meet your plan's requirements for "alternate early retirement";

(ii) You meet PSERS requirements for "early retirement";

(iii) You retire for service or due to a disability, from PERS Plan 1 or TRS Plan 1;

(iv) You are a member of LEOFF Plan 1;

(v) You retire due to a duty-related disability from LEOFF Plan 2;

(vi) You retire due to a disability or die before retirement from WSPRS Plan 1; or

(vii) You retire due to a disability from WSPRS Plan 2.

(c) The following table shows the law governing plans that use an ERF:

and survivor option, based on the difference between John's age and his survivor's age.

John, a WSPRS Plan 2 member dies prior to retirement. John is age 40 and has 15 years of service at the time of his death. John's Average Final Salary (AFS) is \$4,000. John's surviving spouse is also age 40.

Since John would have attained 25 years of service before he would have attained age 55, the ERF used to calculate his survivor's benefit will be based on the 10 years it would have taken him to reach 25 years of service. The corresponding ERF for 10 years early retirement is 0.403. The corresponding joint and survivor (J&S) factor that will also be applied to the benefit is 0.889.

Therefore, the department will multiply John's AFS of \$4,000 x .02 x 15 (service credit years) x 0.403 (ERF) x 0.889 (J&S). John's survivor will receive a monthly benefit of \$429.92.

(c) TRS Plan 1 only: The ERF used to calculate your survivor's monthly benefit if you die before retirement is based on the number of years between the age at which you die and the age at which you would have first become eligible to retire under RCW 41.32.480. See RCW 41.32.520.

Example - death before retirement: Robert, a 56 year-old TRS Plan 1 member, died April 1, 2006, with 23.17 years of service credit. His AFC is \$3,171.74.

TRS Plan 1 provides an unreduced benefit (i.e., normal retirement) at age 55 with 25 years of service credit.

Robert's wife, Karen, will receive an actuarially reduced benefit based on the date Robert would have first qualified for an unreduced benefit (i.e., normal retirement). If Robert had continued in service, he would have met eligibility

requirements in one year and 10 months, when he earned 25 years of service credit. The ERF for one year and 10 months is 0.8410.

Karen's monthly benefit will be further reduced by the Option 2 survivor factor, which is based on the age difference between her and Robert. Karen is age 58, two years older than Robert. The Option 2 survivor factor for a beneficiary two years older is 0.918 (see WAC 415-02-380(12)).

The department will multiply 23.17 (Robert's service credit years) x .02 x \$3,171.74 (AFC) x 0.8410 (ERF) x 0.918 (the Option 2 factor). Karen's monthly benefit will be \$1,134.73.

(4) **Table** - This table contains the early retirement factors (ERFs) for members who retire from active service in PERS Plan 1, TRS Plan 1, and WSPRS Plan 2. The ERFs are effective September 1, 2010.

Yrs Early	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11
0	1.0000	.9924	.9848	.9772	.9696	.9620	.9544	.9468	.9392	.9316	.9240	.9164
1	.9090	.9022	.8954	.8886	.8818	.8750	.8682	.8614	.8546	.8478	.8410	.8342
2	.8270	.8209	.8148	.8087	.8026	.7965	.7904	.7843	.7782	.7721	.7660	.7599
3	.7540	.7485	.7430	.7375	.7320	.7265	.7210	.7155	.7100	.7045	.6990	.6935
4	.6880	.6830	.6780	.6730	.6680	.6630	.6580	.6530	.6480	.6430	.6380	.6330
5	.6280	.6235	.6190	.6145	.6100	.6055	.6010	.5965	.5920	.5875	.5830	.5785
6	.5740	.5698	.5656	.5614	.5572	.5530	.5488	.5446	.5404	.5362	.5320	.5278
7	.5240	.5203	.5166	.5129	.5092	.5055	.5018	.4981	.4944	.4907	.4870	.4833
8	.4800	.4767	.4734	.4701	.4668	.4635	.4602	.4569	.4536	.4503	.4470	.4437
9	.4400	.4369	.4338	.4307	.4276	.4245	.4214	.4183	.4152	.4121	.4090	.4059
10	.4030	.4002	.3974	.3946	.3918	.3890	.3862	.3834	.3806	.3778	.3750	.3722
11	.3690	.3665	.3640	.3615	.3590	.3565	.3540	.3515	.3490	.3465	.3440	.3415
12	.3390	.3367	.3344	.3321	.3298	.3275	.3252	.3229	.3206	.3183	.3160	.3137
13	.3110	.3088	.3066	.3044	.3022	.3000	.2978	.2956	.2934	.2912	.2890	.2868
14	.2850	.2831	.2812	.2793	.2774	.2755	.2736	.2717	.2698	.2679	.2660	.2641
15	.2620	.2603	.2586	.2569	.2552	.2535	.2518	.2501	.2484	.2467	.2450	.2433
16	.2410	.2393	.2376	.2359	.2342	.2325	.2308	.2291	.2274	.2257	.2240	.2223
17	.2210	.2195	.2180	.2165	.2150	.2135	.2120	.2105	.2090	.2075	.2060	.2045
18	.2030	.2017	.2004	.1991	.1978	.1965	.1952	.1939	.1926	.1913	.1900	.1887
19	.1870	.1857	.1844	.1831	.1818	.1805	.1792	.1779	.1766	.1753	.1740	.1727
20	.1710	.1699	.1688	.1677	.1666	.1655	.1644	.1633	.1622	.1611	.1600	.1589
21	.1580	.1569	.1558	.1547	.1536	.1525	.1514	.1503	.1492	.1481	.1470	.1459
22	.1450	.1440	.1430	.1420	.1410	.1400	.1390	.1380	.1370	.1360	.1350	.1340
23	.1330	.1322	.1314	.1306	.1298	.1290	.1282	.1274	.1266	.1258	.1250	.1242
24	.1230	.1222	.1214	.1206	.1198	.1190	.1182	.1174	.1166	.1158	.1150	.1142
25	.1130	.1123	.1116	.1109	.1102	.1095	.1088	.1081	.1074	.1067	.1060	.1053
26	.1040	.1037	.1034	.1031	.1028	.1025	.1022	.1019	.1016	.1013	.1010	.1007
27	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
28	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
29	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
30+	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000

(5) **Table** - The following early retirement factors (ERFs) for PERS Plans 2 and 3, SERS Plans 2 and 3, and TRS Plans 2 and 3 are effective September 1, 2010.

Yrs Early	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11
0	1.0000	.9913	.9826	.9739	.9652	.9565	.9478	.9391	.9304	.9217	.9130	.9043
1	.8960	.8884	.8808	.8732	.8656	.8580	.8504	.8428	.8352	.8276	.8200	.8124
2	.8050	.7983	.7916	.7849	.7782	.7715	.7648	.7581	.7514	.7447	.7380	.7313
3	.7240	.7180	.7120	.7060	.7000	.6940	.6880	.6820	.6760	.6700	.6640	.6580
4	.6520	.6467	.6414	.6361	.6308	.6255	.6202	.6149	.6096	.6043	.5990	.5937
5	.5880	.5833	.5786	.5739	.5692	.5645	.5598	.5551	.5504	.5457	.5410	.5363
6	.5310	.5268	.5226	.5184	.5142	.5100	.5058	.5016	.4974	.4932	.4890	.4848
7	.4810	.4772	.4734	.4696	.4658	.4620	.4582	.4544	.4506	.4468	.4430	.4392
8	.4350	.4317	.4284	.4251	.4218	.4185	.4152	.4119	.4086	.4053	.4020	.3987
9	.3950	.3919	.3888	.3857	.3826	.3795	.3764	.3733	.3702	.3671	.3640	.3609
10	.3580	.3553	.3526	.3499	.3472	.3445	.3418	.3391	.3364	.3337	.3310	.3283
11	.3260	.3235	.3210	.3185	.3160	.3135	.3110	.3085	.3060	.3035	.3010	.2985
12	.2960	.2938	.2916	.2894	.2872	.2850	.2828	.2806	.2784	.2762	.2740	.2718
13	.2690	.2670	.2650	.2630	.2610	.2590	.2570	.2550	.2530	.2510	.2490	.2470
14	.2450	.2432	.2414	.2396	.2378	.2360	.2342	.2324	.2306	.2288	.2270	.2252
15	.2230	.2214	.2198	.2182	.2166	.2150	.2134	.2118	.2102	.2086	.2070	.2054
16	.2040	.2025	.2010	.1995	.1980	.1965	.1950	.1935	.1920	.1905	.1890	.1875
17	.1860	.1846	.1832	.1818	.1804	.1790	.1776	.1762	.1748	.1734	.1720	.1706
18	.1690	.1678	.1666	.1654	.1642	.1630	.1618	.1606	.1594	.1582	.1570	.1558
19	.1550	.1538	.1526	.1514	.1502	.1490	.1478	.1466	.1454	.1442	.1430	.1418
20	.1410	.1400	.1390	.1380	.1370	.1360	.1350	.1340	.1330	.1320	.1310	.1300
21	.1290	.1281	.1272	.1263	.1254	.1245	.1236	.1227	.1218	.1209	.1200	.1191
22	.1180	.1172	.1164	.1156	.1148	.1140	.1132	.1124	.1116	.1108	.1100	.1092
23	.1080	.1074	.1068	.1062	.1056	.1050	.1044	.1038	.1032	.1026	.1020	.1014
24	.1010	.1009	.1008	.1007	.1006	.1005	.1004	.1003	.1002	.1001	.1000	.1000
25	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000

Yrs Early	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11
26	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
27	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
28	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
29	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
30+	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000

(6) **Table** - The following table contains early retirement factors (ERFs) for members who do not retire from active service in PERS Plan 1, PSERS Plan 2, and WSPRS Plans 1 and 2. The ERFs are effective September 1, 2010.

Yrs Early	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11
0	1.0000	.9918	.9836	.9754	.9672	.9590	.9508	.9426	.9344	.9262	.9180	.9098
1	.9010	.8938	.8866	.8794	.8722	.8650	.8578	.8506	.8434	.8362	.8290	.8218
2	.8140	.8075	.8010	.7945	.7880	.7815	.7750	.7685	.7620	.7555	.7490	.7425
3	.7360	.7302	.7244	.7186	.7128	.7070	.7012	.6954	.6896	.6838	.6780	.6722
4	.6660	.6608	.6556	.6504	.6452	.6400	.6348	.6296	.6244	.6192	.6140	.6088
5	.6040	.5994	.5948	.5902	.5856	.5810	.5764	.5718	.5672	.5626	.5580	.5534
6	.5490	.5448	.5406	.5364	.5322	.5280	.5238	.5196	.5154	.5112	.5070	.5028
7	.4990	.4953	.4916	.4879	.4842	.4805	.4768	.4731	.4694	.4657	.4620	.4583
8	.4540	.4506	.4472	.4438	.4404	.4370	.4336	.4302	.4268	.4234	.4200	.4166
9	.4130	.4100	.4070	.4040	.4010	.3980	.3950	.3920	.3890	.3860	.3830	.3800
10	.3770	.3743	.3716	.3689	.3662	.3635	.3608	.3581	.3554	.3527	.3500	.3473
11	.3440	.3415	.3390	.3365	.3340	.3315	.3290	.3265	.3240	.3215	.3190	.3165
12	.3140	.3118	.3096	.3074	.3052	.3030	.3008	.2986	.2964	.2942	.2920	.2898
13	.2870	.2849	.2828	.2807	.2786	.2765	.2744	.2723	.2702	.2681	.2660	.2639
14	.2620	.2602	.2584	.2566	.2548	.2530	.2512	.2494	.2476	.2458	.2440	.2422
15	.2400	.2383	.2366	.2349	.2332	.2315	.2298	.2281	.2264	.2247	.2230	.2213
16	.2190	.2175	.2160	.2145	.2130	.2115	.2100	.2085	.2070	.2055	.2040	.2025
17	.2010	.1996	.1982	.1968	.1954	.1940	.1926	.1912	.1898	.1884	.1870	.1856
18	.1840	.1828	.1816	.1804	.1792	.1780	.1768	.1756	.1744	.1732	.1720	.1708
19	.1690	.1678	.1666	.1654	.1642	.1630	.1618	.1606	.1594	.1582	.1570	.1558
20	.1550	.1539	.1528	.1517	.1506	.1495	.1484	.1473	.1462	.1451	.1440	.1429
21	.1420	.1410	.1400	.1390	.1380	.1370	.1360	.1350	.1340	.1330	.1320	.1310
22	.1300	.1291	.1282	.1273	.1264	.1255	.1246	.1237	.1228	.1219	.1210	.1201
23	.1190	.1183	.1176	.1169	.1162	.1155	.1148	.1141	.1134	.1127	.1120	.1113
24	.1100	.1093	.1086	.1079	.1072	.1065	.1058	.1051	.1044	.1037	.1030	.1023
25	.1020	.1018	.1016	.1014	.1012	.1010	.1008	.1006	.1004	.1002	.1000	.1000
26	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
27	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
28	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
29	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
30+	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000

(7) **Table** - This table contains the early retirement factors (ERFs) for members who retire from active service in LEOFF Plan 2. The ERFs are effective January 1, 2010.

Yrs Early	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11
0	1.0000	.9925	.9850	.9775	.9700	.9625	.9550	.9475	.9400	.9325	.9250	.9175
1	.9100	.9033	.8966	.8899	.8832	.8765	.8698	.8631	.8564	.8497	.8430	.8363
2	.8300	.8239	.8178	.8117	.8056	.7995	.7934	.7873	.7812	.7751	.7690	.7629
3	.7570	.7515	.7460	.7405	.7350	.7295	.7240	.7185	.7130	.7075	.7020	.6965
4	.6910	.6860	.6810	.6760	.6710	.6660	.6610	.6560	.6510	.6460	.6410	.6360
5	.6310	.6265	.6220	.6175	.6130	.6085	.6040	.5995	.5950	.5905	.5860	.5815
6	.5770	.5728	.5686	.5644	.5602	.5560	.5518	.5476	.5434	.5392	.5350	.5308
7	.5270	.5233	.5196	.5159	.5122	.5085	.5048	.5011	.4974	.4937	.4900	.4863
8	.4830	.4796	.4762	.4728	.4694	.4660	.4626	.4592	.4558	.4524	.4490	.4456
9	.4420	.4389	.4358	.4327	.4296	.4265	.4234	.4203	.4172	.4141	.4110	.4079
10	.4050	.4022	.3994	.3966	.3938	.3910	.3882	.3854	.3826	.3798	.3770	.3742
11	.3710	.3685	.3660	.3635	.3610	.3585	.3560	.3535	.3510	.3485	.3460	.3435
12	.3410	.3387	.3364	.3341	.3318	.3295	.3272	.3249	.3226	.3203	.3180	.3157
13	.3130	.3108	.3086	.3064	.3042	.3020	.2998	.2976	.2954	.2932	.2910	.2888
14	.2870	.2851	.2832	.2813	.2794	.2775	.2756	.2737	.2718	.2699	.2680	.2661
15	.2640	.2622	.2604	.2586	.2568	.2550	.2532	.2514	.2496	.2478	.2460	.2442
16	.2420	.2404	.2388	.2372	.2356	.2340	.2324	.2308	.2292	.2276	.2260	.2244
17	.2230	.2215	.2200	.2185	.2170	.2155	.2140	.2125	.2110	.2095	.2080	.2065
18	.2050	.2036	.2022	.2008	.1994	.1980	.1966	.1952	.1938	.1924	.1910	.1896
19	.1880	.1868	.1856	.1844	.1832	.1820	.1808	.1796	.1784	.1772	.1760	.1748
20	.1730	.1718	.1706	.1694	.1682	.1670	.1658	.1646	.1634	.1622	.1610	.1598
21	.1590	.1580	.1570	.1560	.1550	.1540	.1530	.1520	.1510	.1500	.1490	.1480
22	.1470	.1460	.1450	.1440	.1430	.1420	.1410	.1400	.1390	.1380	.1370	.1360
23	.1350	.1342	.1334	.1326	.1318	.1310	.1302	.1294	.1286	.1278	.1270	.1262
24	.1250	.1242	.1234	.1226	.1218	.1210	.1202	.1194	.1186	.1178	.1170	.1162
25	.1150	.1143	.1136	.1129	.1122	.1115	.1108	.1101	.1094	.1087	.1080	.1073
26	.1060	.1055	.1050	.1045	.1040	.1035	.1030	.1025	.1020	.1015	.1010	.1005

Yrs Early	Month 0	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11
27	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
28	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
29	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000
30+	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000	.1000

[Statutory Authority: RCW 41.50.050(5), 10-16-086, § 415-02-320, filed 7/30/10, effective 9/1/10. Statutory Authority: RCW 41.50.050(5), chapter 41.45 RCW, 06-18-009, § 415-02-320, filed 8/24/06, effective 9/24/06; 02-18-048, § 415-02-320, filed 8/28/02, effective 9/1/02.]

**WAC 415-02-340 Monthly benefit per \$1.00 of accumulation for defined benefit plans. (1) How does the department use the information in the table called "monthly benefit per \$1.00 of accumulation for defined benefit plans"?** The department uses this information to:

- (a) Determine what a future lifetime monthly benefit is worth in present-day dollars;
- (b) Determine the equivalent value of a lump sum when compared with monthly payments;
- (c) Determine the cost of purchasing additional service credit as described in WAC 415-02-177(7); and
- (d) For TRS Plan 1 only: Determine the reduction in the monthly retirement benefit if some or all of the accumulated contributions in a member's individual account are withdrawn at retirement pursuant to RCW 41.32.498.

**(2) What type of information is in this table?** The information in this table is based on the expected duration of lifetime payments for recipients over a range of ages. These values differ by system and plan, and all reflect an assumed rate of return of 8.0%.

The younger a person is at retirement, the longer the anticipated lifetime of payments would be, and the greater the sum required to provide for these payments. The amount of monthly lifetime benefit that a present-day dollar buys increases as the remaining life expectancy of the recipient decreases.

**(a) Example:**

Celina is a 65-year-old PERS Plan 2 member who is eligible to receive \$45.00 per month. She wants to know how much money she would receive if she accepted a lump sum payment instead. Celina looks at the row in the table for age 65 in the PERS Plan 2 column and learns that \$.0069798 per month for life has a present day cash value of one dollar (\$1.00) for this system, plan, and age class. Celina divides \$45.00 by .0069798 and learns that her lump sum payment would be \$6,447.18.

**(b) Example:**

Fred is a 58-year-old TRS Plan 1 member. The balance in Fred's account is \$124,934.00. Upon retirement, Fred chooses to withdraw the \$124,934.00 (as only members of TRS Plan 1 can do and still receive a monthly benefit). From the row in the table for age 58 in the TRS Plan 1 column, Fred learns that \$.0077298 per month for life has a present day cash value of one dollar (\$1.00) for this system, plan, and age class. Fred multiplies \$124,934.00 by .0077298, and learns that his monthly retirement benefit will be reduced by \$965.71 per month if he withdraws his account balance.

**(3) Table - Monthly benefit per \$1.00 of accumulation for defined benefit plans.** The rates contained in this table are effective:

- (a) January 1, 2010, for LEOFF Plan 2.
- (b) September 1, 2010, for LEOFF Plan 1, PSERS Plan 2, PERS Plans 1, 2, and 3, SERS Plans 2 and 3, TRS Plans 1, 2, and 3, and WSPRS Plans 1 and 2.

Age	LEOFF 1	LEOFF 2	PERS 1	PERS 2/3	PSERS	SERS 2/3	TRS 1	TRS 2/3	WSPRS 1/2
20	.0039630	.0042990	.0066256	.0044560	.0044926	.0043681	.0067741	.0043601	.0043122
21	.0039783	.0043125	.0066400	.0044786	.0045172	.0043857	.0067970	.0043765	.0043261
22	.0039944	.0043266	.0066556	.0045024	.0045432	.0044042	.0068200	.0043935	.0043409
23	.0040113	.0043414	.0066725	.0045277	.0045708	.0044238	.0068425	.0044110	.0043563
24	.0040290	.0043571	.0066909	.0045527	.0045970	.0044446	.0068636	.0044289	.0043727
25	.0040476	.0043735	.0067108	.0045775	.0046219	.0044665	.0068824	.0044471	.0043899
26	.0040672	.0043908	.0067323	.0046023	.0046458	.0044898	.0068973	.0044650	.0044081
27	.0040879	.0044091	.0067558	.0046271	.0046688	.0045144	.0069111	.0044835	.0044273
28	.0041096	.0044283	.0067812	.0046522	.0046911	.0045404	.0069240	.0045024	.0044475
29	.0041325	.0044486	.0068089	.0046765	.0047126	.0045658	.0069358	.0045218	.0044690
30	.0041567	.0044701	.0068389	.0047004	.0047338	.0045907	.0069464	.0045417	.0044917
31	.0041821	.0044927	.0068716	.0047243	.0047552	.0046155	.0069558	.0045622	.0045156
32	.0042089	.0045166	.0069070	.0047485	.0047771	.0046406	.0069647	.0045835	.0045409
33	.0042369	.0045416	.0069454	.0047740	.0048004	.0046662	.0069736	.0046056	.0045674
34	.0042663	.0045679	.0069870	.0048003	.0048250	.0046915	.0069837	.0046292	.0045953
35	.0042972	.0045956	.0070321	.0048278	.0048512	.0047169	.0069950	.0046542	.0046246
36	.0043296	.0046246	.0070452	.0048564	.0048790	.0047428	.0070072	.0046806	.0046555
37	.0043637	.0046552	.0070575	.0048864	.0049084	.0047694	.0070212	.0047088	.0046879
38	.0043996	.0046874	.0070688	.0049179	.0049396	.0047969	.0070369	.0047387	.0047222
39	.0044374	.0047214	.0070789	.0049517	.0049727	.0048272	.0070543	.0047705	.0047584
40	.0044774	.0047574	.0070877	.0049878	.0050077	.0048606	.0070735	.0048043	.0047968
41	.0045196	.0047956	.0070940	.0050264	.0050448	.0048971	.0070945	.0048402	.0048374
42	.0045644	.0048361	.0070990	.0050678	.0050842	.0049369	.0071156	.0048778	.0048805
43	.0046118	.0048791	.0070989	.0051123	.0051264	.0049803	.0071367	.0049171	.0049263
44	.0046620	.0049248	.0070984	.0051581	.0051690	.0050256	.0071581	.0049584	.0049750
45	.0047153	.0049733	.0070975	.0052058	.0052129	.0050731	.0071796	.0050016	.0050267
46	.0047719	.0050249	.0070965	.0052558	.0052584	.0051232	.0072015	.0050470	.0050817
47	.0048320	.0050797	.0070915	.0053071	.0053044	.0051753	.0072216	.0050943	.0051402

Age	LEOFF 1	LEOFF 2	PERS 1	PERS 2/3	PSERS	SERS 2/3	TRS 1	TRS 2/3	WSPRS 1/2
48	.0048959	.0051382	.0071400	.0053597	.0053509	.0052297	.0072393	.0051435	.0052026
49	.0049640	.0052005	.0071924	.0054123	.0053965	.0052834	.0072541	.0051948	.0052691
50	.0050366	.0052671	.0072490	.0054649	.0054413	.0053369	.0072655	.0052480	.0053403
51	.0051142	.0053389	.0073101	.0055179	.0054854	.0053893	.0072727	.0053034	.0054164
52	.0051972	.0054158	.0073762	.0055712	.0055289	.0054418	.0072741	.0053604	.0054980
53	.0052853	.0054978	.0074471	.0056258	.0055733	.0054938	.0073367	.0054189	.0055849
54	.0053797	.0055858	.0075233	.0056745	.0056596	.0055433	.0074042	.0054793	.0056779
55	.0054807	.0056802	.0076058	.0057184	.0057498	.0055902	.0074767	.0055411	.0057777
56	.0055889	.0057814	.0076921	.0058127	.0058440	.0056775	.0075550	.0056278	.0058848
57	.0057044	.0058893	.0077823	.0059112	.0059501	.0057690	.0076393	.0057206	.0059992
58	.0058273	.0060042	.0078773	.0060140	.0060619	.0058646	.0077298	.0058208	.0061211
59	.0059589	.0061272	.0079792	.0061247	.0061827	.0059661	.0078266	.0059269	.0062516
60	.0060997	.0062589	.0080922	.0062396	.0063106	.0060720	.0079310	.0060395	.0063915
61	.0062505	.0064002	.0082202	.0063666	.0064504	.0061903	.0080462	.0061608	.0065415
62	.0064118	.0065513	.0083578	.0065016	.0065977	.0063169	.0081703	.0062902	.0067019
63	.0065841	.0067129	.0085052	.0066506	.0067558	.0064550	.0083036	.0064296	.0068736
64	.0067682	.0068853	.0086629	.0068077	.0069257	.0066012	.0084463	.0065775	.0070570
65	.0069647	.0070694	.0088312	.0069798	.0071083	.0067597	.0085990	.0067357	.0072527
66	.0071751	.0072670	.0090119	.0071671	.0073064	.0069302	.0087617	.0069054	.0074626
67	.0074005	.0074781	.0092055	.0073673	.0075182	.0071120	.0089361	.0070866	.0076873
68	.0076417	.0077043	.0094125	.0075807	.0077444	.0073062	.0091231	.0072802	.0079279
69	.0079015	.0079491	.0096357	.0078101	.0079879	.0075136	.0093229	.0074865	.0081872
70	.0081820	.0082138	.0098771	.0080572	.0082505	.0077363	.0095381	.0077080	.0084672
71	.0084859	.0085025	.0101389	.0083241	.0085349	.0079758	.0097709	.0079465	.0087708
72	.0088138	.0088151	.0104201	.0086103	.0088406	.0082342	.0100231	.0082039	.0090984
73	.0091701	.0091561	.0107251	.0089197	.0091722	.0085108	.0102934	.0084793	.0094545
74	.0095574	.0095288	.0110556	.0092540	.0095316	.0088090	.0105863	.0087767	.0098417
75	.0099786	.0099363	.0114135	.0096154	.0099213	.0091299	.0109028	.0090974	.0102629
76	.0104363	.0103798	.0118015	.0100065	.0103437	.0094759	.0112453	.0094437	.0107207
77	.0109340	.0108658	.0122231	.0104305	.0108023	.0098495	.0116161	.0098178	.0112186
78	.0114761	.0113957	.0126816	.0108908	.0113009	.0102538	.0120181	.0102226	.0117609
79	.0120673	.0119743	.0131812	.0113914	.0118439	.0106928	.0124555	.0106622	.0123525
80	.0127133	.0126071	.0137267	.0119372	.0124365	.0111699	.0129318	.0111400	.0129990
81	.0134199	.0132991	.0143230	.0125327	.0130838	.0116897	.0134518	.0116607	.0137063
82	.0141935	.0140556	.0149754	.0131831	.0137915	.0122554	.0140201	.0122286	.0144806
83	.0150329	.0148749	.0156858	.0138907	.0145603	.0128713	.0146417	.0128485	.0153209
84	.0159449	.0157725	.0164602	.0146610	.0153963	.0135431	.0153203	.0135243	.0162339
85	.0169344	.0167437	.0173034	.0154990	.0163048	.0142750	.0160601	.0142601	.0172243
86	.0180074	.0178057	.0182194	.0164082	.0172909	.0150708	.0168660	.0150605	.0182984
87	.0191721	.0189719	.0192109	.0173915	.0183603	.0159338	.0177414	.0159287	.0194643
88	.0204278	.0202253	.0202755	.0184464	.0195120	.0168612	.0186859	.0168647	.0207214
89	.0217668	.0215551	.0214081	.0195682	.0207399	.0178513	.0197002	.0178688	.0220619
90	.0231832	.0229787	.0225995	.0207480	.0220372	.0188950	.0207759	.0189334	.0234798
91	.0246573	.0244483	.0238330	.0219700	.0233859	.0199836	.0219061	.0200515	.0249552
92	.0261621	.0259752	.0250904	.0232169	.0247641	.0211073	.0230763	.0212095	.0264610
93	.0277078	.0275207	.0263675	.0244841	.0261746	.0222518	.0242665	.0223884	.0280075
94	.0292794	.0291108	.0276431	.0257513	.0275992	.0233979	.0254667	.0235783	.0295796
95	.0308761	.0307651	.0289073	.0270087	.0290311	.0245376	.0266650	.0247675	.0311768
96	.0324718	.0323798	.0301473	.0282442	.0304507	.0256481	.0278402	.0259359	.0327726
97	.0340569	.0340193	.0313572	.0294522	.0318500	.0267305	.0289917	.0270827	.0343576
98	.0356440	.0357060	.0325325	.0306287	.0332303	.0277699	.0300994	.0281894	.0359444
99	.0372127	.0373073	.0336697	.0317712	.0345762	.0287711	.0311701	.0292630	.0375126

[Statutory Authority: RCW 41.50.050(5), 10-16-086, § 415-02-340, filed 7/30/10, effective 9/1/10. Statutory Authority: RCW 41.50.050(5), chapter 41.45 RCW, 06-18-009, § 415-02-340, filed 8/24/06, effective 9/24/06; 02-18-048, § 415-02-340, filed 8/28/02, effective 9/1/02.]

**WAC 415-02-345 TRS Plan 1 Option 1 benefit factors. (1) What is a TRS Plan 1 Option 1 benefit factor?** At the time of retirement, a TRS Plan 1 member may choose to receive an Option 1, standard benefit, which is a slightly reduced lifetime monthly benefit. This option allows the final unpaid monthly benefit and any remaining balance of contributions to be paid in a lump sum to the retiree's estate or named beneficiary at the time of the retiree's death. The reduction to the monthly benefit is based on an Option 1 factor and is applied against the annuity portion of the monthly benefit. The factor that is used is determined by the age of the member at the time of retirement. For more information about the Option 1, standard benefit, see RCW 41.32.530 (1)(a).

(2) **Table** - The following Option 1 benefit factors are effective September 1, 2010.

Age	Factor	Reduction	Age	Factor	Reduction
20	99.3233%	0.7%	50	98.5277%	1.5%
21	99.1906%	0.8%	51	98.8267%	1.2%
22	99.0506%	0.9%	52	99.2279%	0.8%
23	98.9113%	1.1%	53	99.1329%	0.9%
24	98.7803%	1.2%	54	99.0247%	1.0%
25	98.6679%	1.3%	55	98.9011%	1.1%

Age	Factor	Reduction		Age	Factor	Reduction
26	98.5907%	1.4%		56	98.7584%	1.2%
27	98.5248%	1.5%		57	98.5936%	1.4%
28	98.4698%	1.5%		58	98.4070%	1.6%
29	98.4281%	1.6%		59	98.1990%	1.8%
30	98.4011%	1.6%		60	97.9599%	2.0%
31	98.3898%	1.6%		61	98.0472%	2.0%
32	98.3880%	1.6%		62	97.7597%	2.2%
33	98.3919%	1.6%		63	97.4355%	2.6%
34	98.3889%	1.6%		64	97.0756%	2.9%
35	98.3802%	1.6%		65	96.6774%	3.3%
36	98.3656%	1.6%		66	96.2422%	3.8%
37	98.3360%	1.7%		67	96.1337%	3.9%
38	98.2896%	1.7%		68	96.0251%	4.0%
39	98.2246%	1.8%		69	95.5281%	4.5%
40	98.1380%	1.9%		70	94.9709%	5.0%
41	98.0401%	2.0%		71	94.3415%	5.7%
42	97.9596%	2.0%		72	94.2358%	5.8%
43	97.8978%	2.1%		73	94.1300%	5.9%
44	97.8557%	2.1%		74	93.3902%	6.6%
45	97.8346%	2.2%		75	92.5634%	7.4%
46	97.8359%	2.2%		76	92.5038%	7.5%
47	97.8815%	2.1%		77	92.4441%	7.6%
48	97.9786%	2.0%		78	91.4887%	8.5%
49	98.3106%	1.7%		79	90.4121%	9.6%
				80	90.4374%	9.6%

[Statutory Authority: RCW 41.50.050(5), 10-16-086, § 415-02-345, filed 7/30/10, effective 9/1/10; 03-24-051, § 415-02-345, filed 11/26/03, effective 1/1/04.]

**WAC 415-02-350 What are cost-of-living adjustments (COLA) and how are they calculated? (1) What is a cost-of-living adjustment (COLA)?** The value of a retiree's, beneficiary's, or ex-spouse's monthly benefit may change in the years after retirement because of inflation or other factors. A COLA automatically adjusts benefits based on the cost of living changes.

**(2) What retirement plans include COLAs?** With one exception, all retirement plans administered by the department provide one or more of the types of COLAs listed in subsection (3) of this section. The judges retirement fund (chapter 2.12 RCW) does not provide a COLA.

RETIREMENT SYSTEM	PLAN	COLA TYPE	STATUTE
JUDICIAL		Base	RCW 2.10.170
LEOFF	Plan 1	Base	RCW 41.26.240
LEOFF	Plan 2	Base	RCW 41.26.440
PSERS		Base	RCW 41.37.160
PERS	Plan 1	Uniform	RCW 41.40.197
PERS	Plan 1	Optional	RCW 41.40.188 (1)(c)
PERS	Plan 2	Base	RCW 41.40.640
PERS	Plan 3	Base	RCW 41.40.840
SERS	Plans 2 and 3	Base	RCW 41.35.210
TRS	Plan 1	Uniform	RCW 41.32.489
TRS	Plan 1	Optional	RCW 41.32.530 (1)(d)
TRS	Plan 2	Base	RCW 41.32.770
TRS	Plan 3	Base	RCW 41.32.845
WSPRS	Plans 1 and 2	Base	RCW 43.43.260

**(3) What are the types of COLAs?**

**(a) Optional COLA**

The optional COLA is an option you may select at retirement. If you choose this option, your monthly retirement benefit will be actuarially reduced at retirement, and you will receive an automatic adjustment in your monthly retirement benefit each year for the rest of your life. The optional COLA has no age requirement and is limited to a maximum of three percent of your monthly benefit.

**(b) Base COLA**

The base COLA is applied in July (April for LEOFF Plan 1) of each year and adjusts the benefit based on the change in the Consumer Price Index for the Seattle-Tacoma-Bremerton, Washington area for all plans except the Judicial Retirement System which is based on the U.S. City Average. Base COLAs are limited to a maximum of three percent of the monthly benefit for all affected plans except LEOFF Plan 1. During a calendar year, the base COLA is payable to:

(i) Retirees who have been retired for at least one year by July 1st of each year (April 1st for LEOFF Plan 1); and

(ii) Beneficiaries or eligible ex-spouses who receive benefit payments from an account that, by July 1st, has paid a monthly benefit for at least one year (April 1st for LEOFF Plan 1).

**(c) Uniform COLA**

The uniform COLA is an annual adjustment to the benefit, based on years of service. The annual adjustment for the uniform COLA is independent from any other COLA. During a calendar year, it is payable to:

(i) Retirees who, by July 1st, have received a retirement benefit for at least one year and who, by December 31st, will have reached age sixty-six or older;

(ii) Beneficiaries and eligible ex-spouses who receive benefit payments from an account that, by July 1st, has paid a monthly benefit for at least one year and who, by December 31st, will have reached age sixty-six or older; and

(iii) Retirees, beneficiaries, or eligible ex-spouses of any age whose retirement benefit is calculated under the minimum formula.

**(4) Who is responsible for determining the amount of the COLA?** The office of the state actuary (OSA) bases the percentages of the COLAs on the Consumer Price Index. The Index is based on wages earned by urban wage earners and clerical workers in the Seattle-Tacoma-Bremerton, Washington area. OSA provides this information to the department annually.

[Statutory Authority: RCW 41.50.050(5), 10-16-086, § 415-02-350, filed 7/30/10, effective 9/1/10; 08-20-068, § 415-02-350, filed 9/25/08, effective 10/26/08; 08-01-079, § 415-02-350, filed 12/17/07, effective 1/17/08. Statutory Authority: RCW 41.50.050(5), 2.10.170, 41.26.240, 41.26.440, 41.37-160, 41.40.197, 41.40.188 (1)(c), 41.40.640, 41.40.840, 41.35.210, 41.32-489, 41.32.530 (1)(d), 41.32.770, 41.32.845, 43.43.260, 06-18-009, § 415-02-350, filed 8/24/06, effective 9/24/06. Statutory Authority: RCW 41.50.050(5) and chapter 41.45 RCW, 03-06-044, § 415-02-350, filed 2/27/03, effective 4/1/03.]

**WAC 415-02-360 What is the optional cost-of-living adjustment (COLA) for PERS Plan 1 and TRS Plan 1?** (1) PERS Plan 1 and TRS Plan 1 members can choose to receive an initially reduced retirement benefit in order to receive an annual cost-of-living adjustment in the future. With this optional COLA, the member's monthly retirement benefit is actuarially reduced at the time of retirement. Thereafter, the monthly benefit of the member (and subsequently their bene-

ficiary) is adjusted annually, based on changes in the consumer price index (CPI) for the Seattle-Tacoma-Bremerton, Washington area, up to the statutory maximum. For more information, see:

PERS Plan 1: RCW 41.40.188 (1)(c); WAC 415-108-326

TRS Plan 1: RCW 41.32.530 (1)(d); WAC 415-112-504

**(2) Examples**

(a) Ernie is a member of TRS Plan 1. He retires at age 55 with 30 years of service and chooses the Single Life Option (no survivor beneficiary). His average final compensation (AFC) is \$4,295.33 per month.

(i) If he **does not** choose the optional COLA, his monthly benefit will be \$2,577.20 (2% x 30 x \$4,295.33).

(ii) If he **does** choose the optional COLA, his initial monthly benefit will be reduced to \$1,909.19, based on the factor in the table in subsection (3) of this section (.7396 x \$2,577.20). This monthly amount may increase each year with changes in the CPI.

Regardless whether or not Ernie chooses the optional COLA, he will begin to receive the uniform COLA at age 66, consistent with all statutory requirements.

(b) Tina is a member of PERS Plan 1. She retires with 30 years of service credit at age 52 and 8 months. Because she has 30 years of service, there is no reduction for an early retirement. Tina chooses the Single Life Option (no survivor beneficiary). Her average final compensation (AFC) is \$3,825.00 per month.

(i) If she **does not** choose the optional COLA, her monthly benefit will be \$2,295.00 (2% x 30 x \$3,825.00).

(ii) If she **does** choose the optional COLA, her initial monthly benefit will be reduced to \$1,692.56, based on the factor in the table in subsection (3) of this section (.7375 x \$2,295.00). This monthly amount may increase each year with changes in the CPI.

Regardless whether or not Tina chooses the optional COLA, she will begin to receive the uniform COLA at age 66, consistent with all statutory requirements.

**(3) Table.**

Use these factors to convert monthly benefit payments (any retirement option) without the optional COLA to the same retirement option with the optional COLA. The following factors are effective September 1, 2010.

**Plan 1 Optional COLA Factors**

Age	PERS 1	TRS 1	Age	PERS 1	TRS 1
20	.6636	.6664	61	.7713	.7648
21	.6650	.6675	62	.7760	.7693
22	.6665	.6687	63	.7807	.7739
23	.6680	.6698	64	.7855	.7786
24	.6695	.6710	65	.7904	.7833
25	.6711	.6722	66	.7953	.7881
26	.6727	.6734	67	.8003	.7930
27	.6743	.6746	68	.8054	.7980
28	.6760	.6759	69	.8105	.8030
29	.6777	.6772	70	.8157	.8081
30	.6794	.6786	71	.8210	.8133
31	.6811	.6800	72	.8263	.8185
32	.6828	.6815	73	.8317	.8238

Age	PERS 1	TRS 1		Age	PERS 1	TRS 1
33	.6845	.6831		74	.8370	.8291
34	.6862	.6847		75	.8425	.8344
35	.6879	.6864		76	.8479	.8398
36	.6897	.6881		77	.8533	.8452
37	.6915	.6900		78	.8588	.8506
38	.6934	.6918		79	.8642	.8560
39	.6954	.6938		80	.8696	.8614
40	.6975	.6959		81	.8750	.8668
41	.6997	.6980		82	.8803	.8722
42	.7020	.7002		83	.8856	.8775
43	.7045	.7024		84	.8907	.8828
44	.7071	.7048		85	.8957	.8879
45	.7099	.7073		86	.9006	.8929
46	.7129	.7098		87	.9053	.8978
47	.7161	.7125		88	.9098	.9025
48	.7194	.7153		89	.9141	.9070
49	.7229	.7183		90	.9181	.9113
50	.7264	.7214		91	.9218	.9153
51	.7300	.7247		92	.9253	.9191
52	.7337	.7282		93	.9286	.9226
53	.7375	.7319		94	.9316	.9258
54	.7414	.7357		95	.9343	.9288
55	.7454	.7396		96	.9369	.9316
56	.7494	.7435		97	.9392	.9342
57	.7536	.7476		98	.9415	.9365
58	.7579	.7518		99	.9436	.9388
59	.7623	.7560				
60	.7668	.7604				

[Statutory Authority: RCW 41.50.050(5), 10-16-086, § 415-02-360, filed 7/30/10, effective 9/1/10. Statutory Authority: RCW 41.50.050(5) and chapter 41.45 RCW, 08-20-068, § 415-02-360, filed 9/25/08, effective 10/26/08; 02-18-048, § 415-02-360, filed 8/28/02, effective 9/1/02.]

**WAC 415-02-380 How will my retirement benefit be affected if I choose a benefit option with a survivor feature?** This section applies to LEOFF Plans 1 and 2; PERS Plans 1, 2, and 3; PSERS; SERS Plans 2 and 3; TRS Plans 1, 2, and 3; and WSPRS Plans 1 and 2.

(1) **What is a survivor feature?** Some benefit options include a survivor feature, which provides a lifetime monthly benefit for your survivor beneficiary after your death.

(2) **What is a "survivor beneficiary"?** The person you name at the time of retirement to receive a lifetime monthly benefit after your death is referred to as your "survivor beneficiary."

(3) **What benefit options include a survivor feature?** Benefit options are described in detail for each system and plan in the following state law and regulations:

LEOFF Plan 1:	RCW 41.26.164	WAC 415-104-202
LEOFF Plan 2:	RCW 41.26.460	WAC 415-104-215
PERS Plan 1:	RCW 41.40.188	WAC 415-108-326
PERS Plan 2:	RCW 41.40.660	WAC 415-108-326
PERS Plan 3:	RCW 41.40.845	WAC 415-108-326
PSERS:	RCW 41.37.170	WAC 415-106-600
SERS Plans 2 and 3:	RCW 41.35.220	WAC 415-110-610
TRS Plan 1:	RCW 41.32.530	WAC 415-112-504
TRS Plan 2:	RCW 41.32.785	WAC 415-112-505
TRS Plan 3:	RCW 41.32.851	WAC 415-112-505
WSPRS Plan 1:	RCW 43.43.278	WAC 415-103-215
WSPRS Plan 2:	RCW 43.43.271	WAC 415-103-225

(4) **Will selecting a benefit option with a survivor feature affect my monthly retirement benefit?** Yes. Your

monthly retirement benefit will be actuarially reduced to offset the cost of the survivor feature.

(5) **Does my survivor beneficiary's age affect how much my monthly retirement benefit will be reduced?** Yes. Your survivor beneficiary's age is used in determining the amount of your monthly retirement benefit and the benefit of your survivor beneficiary. The younger the survivor beneficiary, the longer he or she is expected to receive a benefit. Your monthly benefit will be reduced accordingly.

(a) **Example:**

Kendra, a PERS Plan 2 member, chooses Option 3 (joint and 50 percent survivorship) at retirement. She names her nephew, Steve, as her survivor beneficiary. This means, if Kendra dies before Steve, Steve will receive a monthly benefit equal to half the amount Kendra was receiving. Steve is 30 years younger than Kendra. The department will calculate the adjustment to Kendra's monthly retirement benefit by using the survivor option factor table ("member older") in subsection (6) of this section. With a 30-year age difference (member's age minus beneficiary's age), the value corresponding to PERS Plan 2 and Option 3 is 0.776. This value, 0.776, is multiplied against the amount Kendra would have received under Option 1 (no survivor feature). Kendra's monthly retirement benefit will be reduced to about 77% of her Option 1 level.

(b) **Example:**

Mark, a LEOFF Plan 2 member, chooses Option 2 (joint and 100 percent survivorship) at retirement. He names his wife, Susan, as his survivor beneficiary. This means, if Mark dies before Susan, Susan will receive a monthly benefit equal

to the amount Mark was receiving. Mark is five years younger than Susan. The department will calculate the adjustment to Mark's monthly retirement benefit by using the survivor option factor table ("member younger") in subsection (11) of this section. With a 5-year age difference (member's age minus beneficiary's age), the value corresponding to

LEOFF Plan 2 and Option 2 is 0.898. This value, 0.898, will be multiplied against the amount Mark would have received under Option 1 (no survivor feature). Mark's monthly retirement benefit will be reduced to about 90% of his Option 1 level.

(6) **Table - Member older (PERS and SERS).** The following factors are effective September 1, 2010.

Survivor option factor table: Member older than beneficiary

Age difference: Member's age minus beneficiary's age

Age Difference	PERS 1 Opt. 2 100%	PERS 1 Opt. 3 50%	PERS 1 Opt. 4 66 2/3%	PERS 2/3 Opt. 2 100%	PERS 2/3 Opt. 3 50%	PERS 2/3 Opt. 4 66 2/3%	SERS 2/3 Opt. 2 100%	SERS 2/3 Opt. 3 50%	SERS 2/3 Opt. 4 66 2/3%
0	0.882	0.937	0.918	0.807	0.893	0.862	0.802	0.890	0.859
1	0.875	0.933	0.913	0.793	0.885	0.852	0.780	0.877	0.842
2	0.870	0.930	0.909	0.783	0.878	0.844	0.761	0.864	0.827
3	0.866	0.928	0.906	0.775	0.873	0.838	0.753	0.859	0.821
4	0.862	0.926	0.903	0.767	0.868	0.832	0.746	0.854	0.815
5	0.858	0.924	0.901	0.760	0.863	0.826	0.738	0.849	0.809
6	0.854	0.922	0.898	0.752	0.859	0.820	0.731	0.845	0.803
7	0.851	0.919	0.895	0.745	0.854	0.814	0.724	0.840	0.797
8	0.848	0.917	0.893	0.738	0.849	0.809	0.717	0.835	0.792
9	0.844	0.916	0.890	0.732	0.845	0.803	0.710	0.831	0.786
10	0.841	0.914	0.888	0.725	0.840	0.798	0.704	0.826	0.781
11	0.838	0.912	0.886	0.718	0.836	0.793	0.697	0.822	0.776
12	0.835	0.910	0.883	0.712	0.832	0.788	0.691	0.817	0.771
13	0.832	0.908	0.881	0.706	0.828	0.783	0.686	0.813	0.766
14	0.829	0.907	0.879	0.700	0.824	0.778	0.680	0.809	0.761
15	0.826	0.905	0.877	0.695	0.820	0.774	0.675	0.806	0.757
16	0.824	0.904	0.875	0.690	0.816	0.769	0.670	0.802	0.752
17	0.822	0.902	0.874	0.684	0.813	0.765	0.665	0.799	0.748
18	0.820	0.901	0.872	0.680	0.809	0.761	0.660	0.795	0.744
19	0.818	0.900	0.871	0.675	0.806	0.757	0.655	0.792	0.740
20	0.816	0.898	0.869	0.670	0.803	0.753	0.651	0.789	0.737
21	0.814	0.897	0.868	0.666	0.799	0.749	0.647	0.786	0.733
22	0.812	0.896	0.867	0.662	0.796	0.746	0.643	0.783	0.730
23	0.811	0.895	0.865	0.658	0.793	0.742	0.639	0.780	0.726
24	0.809	0.895	0.864	0.654	0.791	0.739	0.635	0.777	0.723
25	0.808	0.894	0.863	0.650	0.788	0.736	0.632	0.774	0.720
26	0.807	0.893	0.862	0.646	0.785	0.733	0.628	0.772	0.717
27	0.806	0.892	0.861	0.643	0.783	0.730	0.625	0.769	0.714
28	0.804	0.892	0.860	0.640	0.780	0.727	0.622	0.767	0.711
29	0.803	0.891	0.860	0.637	0.778	0.724	0.619	0.764	0.709
30	0.802	0.890	0.859	0.634	0.776	0.722	0.616	0.762	0.706
31	0.801	0.890	0.858	0.631	0.773	0.719	0.613	0.760	0.704
32	0.800	0.889	0.857	0.628	0.771	0.717	0.611	0.758	0.702
33	0.799	0.888	0.856	0.625	0.769	0.714	0.608	0.756	0.699
34	0.798	0.888	0.856	0.623	0.767	0.712	0.606	0.754	0.697
35	0.797	0.887	0.855	0.620	0.766	0.710	0.603	0.752	0.695
36	0.796	0.887	0.854	0.618	0.764	0.708	0.601	0.751	0.693
37	0.796	0.886	0.854	0.616	0.762	0.706	0.599	0.749	0.691
38	0.795	0.886	0.853	0.613	0.760	0.704	0.597	0.747	0.689
39	0.794	0.885	0.853	0.611	0.759	0.702	0.595	0.746	0.687
40	0.793	0.885	0.852	0.609	0.757	0.700	0.593	0.744	0.686

(7) **Table - Member younger (PERS and SERS).** The following factors are effective September 1, 2010.

Survivor option factor table: Member younger than beneficiary

Age difference: Member's age minus beneficiary's age

Age Difference	PERS 1 Opt. 2 100%	PERS 1 Opt. 3 50%	PERS 1 Opt. 4 66 2/3%	PERS 2/3 Opt. 2 100%	PERS 2/3 Opt. 3 50%	PERS 2/3 Opt. 4 66 2/3%	SERS 2/3 Opt. 2 100%	SERS 2/3 Opt. 3 50%	SERS 2/3 Opt. 4 66 2/3%
-20	0.961	0.980	0.974	0.945	0.972	0.963	0.953	0.976	0.968
-19	0.959	0.979	0.972	0.942	0.970	0.960	0.950	0.974	0.966
-18	0.956	0.978	0.971	0.938	0.968	0.958	0.947	0.973	0.964
-17	0.954	0.976	0.969	0.934	0.966	0.955	0.943	0.971	0.962
-16	0.951	0.975	0.967	0.929	0.963	0.952	0.940	0.969	0.959
-15	0.948	0.973	0.965	0.925	0.961	0.949	0.936	0.967	0.956
-14	0.945	0.972	0.963	0.920	0.959	0.945	0.932	0.965	0.953
-13	0.942	0.970	0.961	0.916	0.956	0.942	0.927	0.962	0.950
-12	0.939	0.969	0.959	0.910	0.953	0.938	0.923	0.960	0.947

Age Difference	PERS 1 Opt. 2 100%	PERS 1 Opt. 3 50%	PERS 1 Opt. 4 66 2/3%	PERS 2/3 Opt. 2 100%	PERS 2/3 Opt. 3 50%	PERS 2/3 Opt. 4 66 2/3%	SERS 2/3 Opt. 2 100%	SERS 2/3 Opt. 3 50%	SERS 2/3 Opt. 4 66 2/3%
-11	0.936	0.967	0.957	0.905	0.950	0.935	0.918	0.957	0.944
-10	0.933	0.965	0.954	0.900	0.947	0.931	0.914	0.955	0.941
-9	0.930	0.964	0.952	0.894	0.944	0.927	0.909	0.952	0.937
-8	0.926	0.962	0.950	0.888	0.941	0.923	0.903	0.949	0.933
-7	0.923	0.960	0.947	0.882	0.937	0.918	0.898	0.946	0.930
-6	0.919	0.958	0.945	0.876	0.934	0.914	0.893	0.943	0.926
-5	0.916	0.956	0.942	0.870	0.930	0.909	0.887	0.940	0.922
-4	0.912	0.954	0.940	0.864	0.927	0.905	0.880	0.936	0.917
-3	0.907	0.951	0.936	0.853	0.921	0.897	0.868	0.929	0.908
-2	0.901	0.948	0.932	0.843	0.915	0.890	0.862	0.926	0.903
-1	0.892	0.943	0.925	0.826	0.905	0.877	0.841	0.913	0.888
0	0.882	0.937	0.918	0.807	0.893	0.862	0.802	0.890	0.859

(8) **Table - Member older (PSERS).** The following factors are effective September 1, 2010.

Survivor option factor table: Member older than beneficiary

Age difference: Member's age minus beneficiary's age

Age Difference	Option 2 100%	Option 3 50%	Option 4 66 2/3 %
39	0.627	0.771	0.716
40	0.625	0.769	0.714

(9) **Table - Member younger (PSERS).** The following factors are effective September 1, 2010.

Survivor option factor table: Member younger than beneficiary

Age difference: Member's age minus beneficiary's age

Age Difference	Option 2 100%	Option 3 50%	Option 4 66 2/3 %
0	0.813	0.897	0.867
1	0.806	0.892	0.861
2	0.798	0.888	0.856
3	0.791	0.883	0.850
4	0.784	0.879	0.845
5	0.776	0.874	0.839
6	0.769	0.870	0.833
7	0.762	0.865	0.828
8	0.755	0.861	0.822
9	0.748	0.856	0.817
10	0.742	0.852	0.812
11	0.735	0.847	0.806
12	0.729	0.843	0.801
13	0.723	0.839	0.796
14	0.717	0.835	0.791
15	0.711	0.831	0.787
16	0.706	0.827	0.782
17	0.700	0.824	0.778
18	0.695	0.820	0.774
19	0.690	0.817	0.770
20	0.686	0.814	0.766
21	0.681	0.810	0.762
22	0.677	0.807	0.759
23	0.673	0.804	0.755
24	0.669	0.802	0.752
25	0.665	0.799	0.749
26	0.662	0.796	0.746
27	0.658	0.794	0.743
28	0.655	0.791	0.740
29	0.652	0.789	0.737
30	0.649	0.787	0.735
31	0.646	0.785	0.732
32	0.643	0.783	0.730
33	0.641	0.781	0.728
34	0.638	0.779	0.726
35	0.636	0.777	0.724
36	0.633	0.776	0.722
37	0.631	0.774	0.720
38	0.629	0.772	0.718

Age Difference	Option 2 100%	Option 3 50%	Option 4 66 2/3 %
-20	0.934	0.966	0.955
-19	0.930	0.963	0.952
-18	0.925	0.961	0.949
-17	0.921	0.959	0.946
-16	0.916	0.956	0.942
-15	0.911	0.953	0.939
-14	0.905	0.950	0.935
-13	0.900	0.947	0.931
-12	0.894	0.944	0.927
-11	0.888	0.941	0.922
-10	0.882	0.937	0.918
-9	0.876	0.934	0.913
-8	0.869	0.930	0.909
-7	0.862	0.926	0.904
-6	0.856	0.922	0.899
-5	0.849	0.918	0.894
-4	0.842	0.914	0.889
-3	0.835	0.910	0.883
-2	0.827	0.906	0.878
-1	0.820	0.901	0.872
0	0.813	0.897	0.867

(10) **Table - Member older (LEOFF Plan 2 and WSPRS Plans 1 and 2).** The following factors for LEOFF Plan 2 are effective January 1, 2010; WSPRS Plans 1 and 2 are effective September 1, 2010.

Survivor option factor table: Member older than beneficiary

Age difference: Member's age minus beneficiary's age

Age Difference	WSP 1 Option B 100%	WSP 2 Option 2 100%	WSP 2 Option 3 50%	WSP 2 Option 4 66 2/3%	LEOFF 2 Option 2 100%	LEOFF 2 Option 3 50%	LEOFF 2 Option 4 66 2/3%
0	0.953	0.889	0.941	0.923	0.881	0.937	0.918
1	0.950	0.884	0.938	0.920	0.876	0.934	0.914
2	0.947	0.879	0.936	0.916	0.871	0.931	0.910
3	0.944	0.874	0.933	0.913	0.866	0.928	0.906
4	0.941	0.870	0.930	0.909	0.861	0.925	0.903
5	0.938	0.865	0.928	0.906	0.855	0.922	0.899
6	0.934	0.860	0.925	0.902	0.850	0.919	0.895
7	0.931	0.855	0.922	0.899	0.845	0.916	0.891
8	0.928	0.851	0.919	0.895	0.840	0.913	0.887
9	0.925	0.846	0.917	0.892	0.835	0.910	0.883
10	0.921	0.842	0.914	0.889	0.830	0.907	0.880
11	0.918	0.837	0.911	0.885	0.825	0.904	0.876
12	0.915	0.833	0.909	0.882	0.820	0.901	0.872
13	0.912	0.829	0.906	0.879	0.815	0.898	0.869
14	0.909	0.824	0.904	0.876	0.811	0.895	0.865
15	0.906	0.820	0.901	0.873	0.806	0.893	0.862
16	0.903	0.816	0.899	0.870	0.802	0.890	0.858
17	0.900	0.812	0.896	0.867	0.797	0.887	0.855
18	0.898	0.809	0.894	0.864	0.793	0.885	0.852
19	0.895	0.805	0.892	0.861	0.789	0.882	0.849
20	0.892	0.801	0.890	0.858	0.785	0.880	0.846
21	0.890	0.798	0.888	0.856	0.782	0.877	0.843
22	0.887	0.795	0.886	0.853	0.778	0.875	0.840
23	0.885	0.791	0.884	0.851	0.774	0.873	0.837
24	0.882	0.788	0.882	0.848	0.771	0.871	0.835
25	0.880	0.785	0.880	0.846	0.768	0.869	0.832
26	0.878	0.782	0.878	0.844	0.765	0.867	0.830
27	0.876	0.780	0.876	0.842	0.762	0.865	0.827
28	0.874	0.777	0.875	0.839	0.759	0.863	0.825
29	0.872	0.775	0.873	0.837	0.756	0.861	0.823
30	0.871	0.772	0.871	0.836	0.753	0.859	0.821
31	0.869	0.770	0.870	0.834	0.751	0.858	0.819
32	0.868	0.767	0.868	0.832	0.748	0.856	0.817
33	0.866	0.765	0.867	0.830	0.746	0.854	0.815
34	0.865	0.763	0.866	0.829	0.743	0.853	0.813
35	0.864	0.761	0.864	0.827	0.741	0.851	0.811
36	0.863	0.759	0.863	0.826	0.739	0.850	0.810
37	0.862	0.758	0.862	0.824	0.737	0.849	0.808
38	0.861	0.756	0.861	0.823	0.735	0.848	0.807
39	0.860	0.754	0.860	0.822	0.734	0.846	0.805
40	0.859	0.753	0.859	0.820	0.732	0.845	0.804

(11) **Table - Member younger (LEOFF Plan 2 and WSPRS Plans 1 and 2).** The following factors for LEOFF Plan 2 are effective January 1, 2010; WSPRS Plans 1 and 2 are effective September 1, 2010.

Survivor option factor table: Member younger than beneficiary

Age difference: Member's age minus beneficiary's age

Age Difference	WSP 1 Option B 100%	WSP 2 Option 2 100%	WSP 2 Option 3 50%	WSP 2 Option 4 66 2/3%	LEOFF 2 Option 2 100%	LEOFF 2 Option 3 50%	LEOFF 2 Option 4 66 2/3%
-20	0.993	0.962	0.981	0.975	0.961	0.980	0.974
-19	0.992	0.960	0.979	0.973	0.958	0.979	0.972
-18	0.991	0.957	0.978	0.971	0.955	0.977	0.970
-17	0.990	0.954	0.977	0.969	0.952	0.976	0.968
-16	0.989	0.952	0.975	0.967	0.949	0.974	0.966
-15	0.987	0.949	0.974	0.965	0.946	0.972	0.963
-14	0.986	0.945	0.972	0.963	0.943	0.971	0.961
-13	0.984	0.942	0.970	0.961	0.939	0.969	0.959
-12	0.983	0.939	0.968	0.958	0.936	0.967	0.956
-11	0.981	0.935	0.967	0.956	0.932	0.965	0.953
-10	0.979	0.931	0.965	0.953	0.928	0.963	0.951
-9	0.977	0.928	0.962	0.951	0.924	0.960	0.948
-8	0.975	0.924	0.960	0.948	0.919	0.958	0.945
-7	0.972	0.920	0.958	0.945	0.915	0.956	0.942
-6	0.970	0.916	0.956	0.942	0.911	0.953	0.939
-5	0.967	0.911	0.954	0.939	0.906	0.951	0.935
-4	0.965	0.907	0.951	0.936	0.901	0.948	0.932
-3	0.962	0.902	0.949	0.933	0.896	0.945	0.928
-2	0.959	0.898	0.946	0.930	0.891	0.943	0.925
-1	0.956	0.893	0.944	0.926	0.886	0.940	0.921
0	0.953	0.889	0.941	0.923	0.881	0.937	0.918

(12) **Table - Member younger (TRS).** The following factors are effective September 1, 2010.

Survivor option factor table: Member younger than beneficiary

Age difference: Member's age minus beneficiary's age

Age Difference	TRS 1 Option 2 100%	TRS 1 Option 3 50%	TRS 1 Option 4 66 2/3%	TRS 2/3 Option 2 100%	TRS 2/3 Option 3 50%	TRS 2/3 Option 4 66 2/3%
-20	0.969	0.984	0.979	0.956	0.977	0.970
-19	0.967	0.983	0.978	0.953	0.976	0.968
-18	0.965	0.982	0.976	0.949	0.974	0.966
-17	0.963	0.981	0.975	0.946	0.972	0.963
-16	0.961	0.980	0.973	0.942	0.970	0.961
-15	0.958	0.979	0.972	0.939	0.968	0.958
-14	0.956	0.977	0.970	0.935	0.966	0.955
-13	0.953	0.976	0.968	0.930	0.964	0.953
-12	0.951	0.975	0.967	0.926	0.962	0.950
-11	0.948	0.973	0.965	0.922	0.959	0.946
-10	0.946	0.972	0.963	0.917	0.957	0.943
-9	0.943	0.971	0.961	0.912	0.954	0.940
-8	0.940	0.969	0.959	0.907	0.951	0.936
-7	0.937	0.968	0.957	0.902	0.949	0.933
-6	0.934	0.966	0.955	0.897	0.946	0.929
-5	0.931	0.964	0.953	0.891	0.943	0.925
-4	0.928	0.963	0.951	0.886	0.939	0.921
-3	0.925	0.961	0.949	0.880	0.936	0.917
-2	0.918	0.957	0.944	0.865	0.928	0.906
-1	0.912	0.954	0.940	0.851	0.920	0.896
0	0.903	0.949	0.933	0.831	0.908	0.880

(13) **Table - Member older (TRS).** The following factors are effective September 1, 2010.

Survivor option factor table: Member older than beneficiary

Age difference: Member's age minus beneficiary's age

Age Difference	TRS 1 Option 2 100%	TRS 1 Option 3 50%	TRS 1 Option 4 66 2/3%	TRS 2/3 Option 2 100%	TRS 2/3 Option 3 50%	TRS 2/3 Option 4 66 2/3%
0	0.903	0.949	0.933	0.831	0.908	0.880
1	0.896	0.945	0.928	0.815	0.898	0.869
2	0.891	0.942	0.924	0.803	0.891	0.859
3	0.887	0.940	0.922	0.795	0.886	0.853
4	0.884	0.939	0.920	0.789	0.882	0.848
5	0.881	0.937	0.918	0.782	0.877	0.843
6	0.878	0.935	0.915	0.775	0.873	0.838
7	0.875	0.933	0.913	0.768	0.869	0.833
8	0.872	0.932	0.911	0.762	0.865	0.827
9	0.870	0.930	0.909	0.755	0.861	0.822
10	0.867	0.929	0.907	0.749	0.856	0.817
11	0.865	0.928	0.906	0.743	0.852	0.812
12	0.863	0.926	0.904	0.737	0.849	0.808
13	0.860	0.925	0.902	0.731	0.845	0.803
14	0.858	0.924	0.901	0.726	0.841	0.799
15	0.856	0.923	0.899	0.720	0.837	0.794
16	0.854	0.921	0.898	0.715	0.834	0.790
17	0.853	0.920	0.897	0.710	0.830	0.786
18	0.851	0.919	0.895	0.705	0.827	0.782
19	0.849	0.919	0.894	0.701	0.824	0.778
20	0.848	0.918	0.893	0.696	0.821	0.775
21	0.847	0.917	0.892	0.692	0.818	0.771
22	0.845	0.916	0.891	0.688	0.815	0.768
23	0.844	0.915	0.890	0.684	0.812	0.764
24	0.843	0.915	0.889	0.680	0.809	0.761
25	0.842	0.914	0.889	0.676	0.807	0.758
26	0.841	0.913	0.888	0.673	0.804	0.755
27	0.840	0.913	0.887	0.669	0.802	0.752
28	0.839	0.912	0.887	0.666	0.800	0.750
29	0.838	0.912	0.886	0.663	0.797	0.747
30	0.837	0.911	0.885	0.660	0.795	0.744
31	0.837	0.911	0.885	0.657	0.793	0.742
32	0.836	0.911	0.884	0.655	0.791	0.740
33	0.835	0.910	0.884	0.652	0.789	0.737
34	0.835	0.910	0.883	0.649	0.787	0.735
35	0.834	0.910	0.883	0.647	0.786	0.733
36	0.834	0.909	0.882	0.645	0.784	0.731

Age Difference	TRS 1 Option 2 100%	TRS 1 Option 3 50%	TRS 1 Option 4 66 2/3%	TRS 2/3 Option 2 100%	TRS 2/3 Option 3 50%	TRS 2/3 Option 4 66 2/3%
37	0.833	0.909	0.882	0.643	0.782	0.730
38	0.832	0.909	0.882	0.641	0.781	0.728
39	0.832	0.908	0.881	0.639	0.779	0.726
40	0.831	0.908	0.881	0.637	0.778	0.724

(14) Table - Member younger (LEOFF Plan 1). The following factors are effective September 1, 2010.

Survivor option factor table: Member younger than beneficiary

Age difference: Member's age minus beneficiary's age

Age Difference	Option 2 100%	Option 3 50%	Option 4 66 2/3 %
-20	0.959	0.979	0.972
-19	0.957	0.978	0.971
-18	0.954	0.976	0.969
-17	0.951	0.975	0.967
-16	0.948	0.973	0.965
-15	0.945	0.972	0.962
-14	0.941	0.970	0.960
-13	0.938	0.968	0.958
-12	0.934	0.966	0.955
-11	0.931	0.964	0.953
-10	0.927	0.962	0.950
-9	0.923	0.960	0.947
-8	0.919	0.958	0.944
-7	0.915	0.955	0.941
-6	0.910	0.953	0.938
-5	0.906	0.951	0.935
-4	0.901	0.948	0.932
-3	0.897	0.945	0.929
-2	0.892	0.943	0.925
-1	0.887	0.940	0.922
0	0.882	0.937	0.918

(15) Table - Member older (LEOFF Plan 1). The following factors are effective September 1, 2010.

Survivor option factor table: Member older than beneficiary

Age difference: Member's age minus beneficiary's age

Age Difference	Option 2 100%	Option 3 50%	Option 4 66 2/3%
0	0.882	0.937	0.918
1	0.877	0.935	0.915
2	0.872	0.932	0.911
3	0.867	0.929	0.907
4	0.862	0.926	0.904
5	0.857	0.923	0.900
6	0.852	0.920	0.896
7	0.847	0.917	0.892
8	0.842	0.914	0.889
9	0.837	0.911	0.885
10	0.832	0.908	0.882
11	0.827	0.906	0.878
12	0.823	0.903	0.874
13	0.818	0.900	0.871
14	0.814	0.897	0.868
15	0.809	0.895	0.864

Age Difference	Option 2 100%	Option 3 50%	Option 4 66 2/3%
16	0.805	0.892	0.861
17	0.801	0.889	0.858
18	0.797	0.887	0.855
19	0.793	0.884	0.851
20	0.789	0.882	0.849
21	0.785	0.880	0.846
22	0.781	0.877	0.843
23	0.778	0.875	0.840
24	0.774	0.873	0.837
25	0.771	0.871	0.835
26	0.768	0.869	0.832
27	0.765	0.867	0.830
28	0.762	0.865	0.828
29	0.759	0.863	0.825
30	0.756	0.861	0.823
31	0.754	0.860	0.821
32	0.751	0.858	0.819
33	0.749	0.856	0.817
34	0.746	0.855	0.815
35	0.744	0.853	0.814
36	0.742	0.852	0.812
37	0.740	0.851	0.810
38	0.738	0.849	0.809
39	0.736	0.848	0.807
40	0.734	0.847	0.806

[Statutory Authority: RCW 41.50.050(5), 10-16-086, § 415-02-380, filed 7/30/10, effective 9/1/10. Statutory Authority: RCW 41.50.050(5), 41.26.-164, 41.26.460, 41.40.188, 41.40.660, 41.40.845, 41.37.170, 41.35.220, 41.32.530, 41.32.785, 41.32.851, 43.43.271. 06-18-009, § 415-02-380, filed 8/24/06, effective 9/24/06. Statutory Authority: RCW 41.50.050(5), 05-23-062, § 415-02-380, filed 11/14/05, effective 12/15/05. Statutory Authority: RCW 41.50.050(5), 41.26.162, 41.26.164, chapter 41.45 RCW. 03-12-014, § 415-02-380, filed 5/27/03, effective 7/1/03. Statutory Authority: RCW 41.50.050(5) and chapter 41.45 RCW. 03-02-087, § 415-02-380, filed 12/31/02, effective 2/1/03; 02-18-048, § 415-02-380, filed 8/28/02, effective 9/1/02.]

**WAC 415-02-390 Total allocation portfolio (TAP) annuity factors.** If you are a Plan 3 member of the public employees' retirement system (PERS), school employees' retirement system (SERS) or teachers' retirement system (TRS) and you have funds in the Washington state investment board (WSIB) investment program, you may use those funds to purchase a life annuity that is administered by the state of Washington when you become eligible to withdraw funds from your Plan 3 account. See WAC 415-111-320 for more information about purchasing a TAP annuity.

(1) **How is the monthly TAP annuity payment determined?** Your single life annuity payment amount is based on the original purchase price and the annuity factor for your age at the time of purchase.

Original Purchase Price x Factor = Single Life Annuity Payment Amount

**Factors** - The following factors are effective September 1, 2010.

Age	PERS Plan 3	SERS Plan 3	TRS Plan 3
20	.0042981	.0042752	.0042735
21	.0043115	.0042875	.0042857
22	.0043255	.0043004	.0042985
23	.0043403	.0043140	.0043119
24	.0043559	.0043283	.0043260
25	.0043722	.0043433	.0043409
26	.0043894	.0043591	.0043565
27	.0044074	.0043758	.0043729
28	.0044264	.0043932	.0043901
29	.0044464	.0044116	.0044083
30	.0044674	.0044309	.0044273
31	.0044894	.0044512	.0044473
32	.0045144	.0044726	.0044683
33	.0045389	.0044966	.0044921
34	.0045646	.0045203	.0045154
35	.0045915	.0045451	.0045398
36	.0046197	.0045712	.0045655
37	.0046492	.0045986	.0045923
38	.0046800	.0046274	.0046205
39	.0047124	.0046576	.0046501
40	.0047507	.0046893	.0046812
41	.0047868	.0047226	.0047139
42	.0048246	.0047618	.0047524
43	.0048641	.0047989	.0047890
44	.0049054	.0048379	.0048274
45	.0049486	.0048787	.0048677
46	.0050025	.0049215	.0049101
47	.0050508	.0049664	.0049545
48	.0051015	.0050216	.0050086
49	.0051544	.0050719	.0050584
50	.0052099	.0051246	.0051107
51	.0052819	.0051798	.0051654
52	.0053441	.0052375	.0052227
53	.0054090	.0053119	.0052956
54	.0054761	.0053765	.0053597
55	.0055453	.0054440	.0054263
56	.0056425	.0055148	.0054972
57	.0057222	.0056100	.0055713
58	.0058050	.0056893	.0056717
59	.0058914	.0057719	.0057554
60	.0060024	.0058574	.0058425
61	.0061134	.0059677	.0059332
62	.0062157	.0060779	.0060501
63	.0063231	.0061801	.0061669
64	.0064666	.0062857	.0062734
65	.0066102	.0064271	.0064146
66	.0067381	.0065685	.0065558
67	.0069142	.0066932	.0066812
68	.0070904	.0068650	.0068527
69	.0072409	.0070367	.0070243
70	.0074580	.0071836	.0071720
71	.0076750	.0073948	.0073831
72	.0078537	.0076060	.0075943
73	.0081241	.0077801	.0077698
74	.0083945	.0080424	.0080323

Age	PERS Plan 3	SERS Plan 3	TRS Plan 3
75	.0086079	.0083046	.0082949
76	.0089494	.0085123	.0085049
77	.0092910	.0088426	.0088361
78	.0095472	.0091729	.0091674
79	.0099864	.0094231	.0094204
80	.0104255	.0098473	.0098460
81	.0107358	.0102714	.0102716
82	.0113112	.0105753	.0105794
83	.0118866	.0111296	.0111364
84	.0122633	.0116840	.0116935
85	.0130303	.0120540	.0120687
86	.0137973	.0124197	.0124401
87	.0142547	.0131966	.0132228
88	.0146958	.0139735	.0140056
89	.0157858	.0144064	.0144471
90	.0168759	.0154392	.0154931
91	.0173946	.0164719	.0165391
92	.0178765	.0169752	.0170558
93	.0194101	.0174443	.0175370
94	.0209437	.0178745	.0179796
95	.0215135	.0193483	.0194888
96	.0220376	.0208221	.0209980
97	.0225187	.0213149	.0215118
98	.0229620	.0217660	.0219824
99	.0233764	.0221845	.0224187

(2) **Can I choose a joint life annuity option?** When you purchase your annuity, you can choose a joint life annuity option that will provide a lifetime monthly payment to another person upon your death. Your joint life annuity payment amount is a reduction from the single life annuity payment amount and will depend on the survivorship percentage you choose and the age of you and your joint annuitant at the time of the annuity purchase.

[Statutory Authority: RCW 41.50.050(5), 10-16-086, § 415-02-390, filed 7/30/10, effective 9/1/10.]

**WAC 415-02-500 Property division in dissolution orders<sup>1</sup>.** This section applies to all retirement plans that the department administers. This section also directs you to additional sections as needed for your particular situation.

(1) **What can a court do?** A court can enter a dissolution order dividing your retirement account in either of the following ways:

(a) Awarding an interest<sup>2</sup> in your account to your ex-spouse by using WAC 415-02-510 or 415-02-530; or

(b) Splitting<sup>3</sup> your account into two separate accounts (one for you and one for your ex-spouse) by using WAC 415-02-520 or 415-02-540, but only if you are vested at the time the dissolution order is entered. "Vested" is defined in subsection (16) of this section.

(2) **Which section should I use?** Consult the following table for direction to the section to use in developing your property division dissolution order. Different sections are provided depending on whether your property division dissolution order is going to provide an interest to your ex-spouse or whether you are splitting your retirement account with your ex-spouse.

<b>If you are in this system and plan:</b>	<b>And the following is true:</b>	<b>Use this section:</b>
Any	You need general information and rules about drafting dissolution orders related to your retirement plan and system.	415-02-500
JRF, JRS, LEOFF Plan 1, and WSPRS Plan 1	You are drafting a dissolution order. (We recommend that you contact the department for assistance because some exceptions may apply.)	415-02-510
LEOFF Plan 2, PERS Plan 1 or 2, PSERS, SERS Plan 2, and TRS Plan 1 or 2, WSPRS Plan 2	You are drafting a dissolution order that will be entered <b>before you are vested</b> ; or You are vested and you are drafting a dissolution order that awards an interest in your account to your ex-spouse.	415-02-510
	You <b>are</b> vested and you are drafting a dissolution order that splits your benefit into two separate accounts (for you and your ex-spouse).	415-02-520
PERS Plan 3, SERS Plan 3, and TRS Plan 3	You are drafting a dissolution order that will be entered <b>before you are vested</b> ; or You <b>are vested</b> and you are drafting a dissolution order that awards an interest in your account to your ex-spouse.	415-02-530
	You are vested and you are drafting a dissolution order that splits your benefit into two separate accounts (for you and your ex-spouse).	415-02-540
PERS Plan 2, SERS Plan 2, and TRS Plan 2	The department has already accepted your property division order, and you are considering a transfer to Plan 3.	415-02-550

**(3) What are the requirements for dissolution orders and amendments that provide for a property division of my retirement account?** The order must:

- Be entered by a court of competent jurisdiction and enforceable in Washington state;
- Be filed with the department within ninety days of the court's entry of the order;
- Establish the right of your ex-spouse to a portion of your retirement;
- Provide the name and date of birth of your ex-spouse;
- Incorporate the applicable language in this section and one of the following: WAC 415-02-510, 415-02-520, 415-02-530, or 415-02-540; and
- Indicate which WAC section was used in support of the order.

**(4) What else, besides a copy of the dissolution order, must my ex-spouse and I provide to the department?** You must provide addresses and Social Security numbers for both you and your ex-spouse before the department will honor a dissolution order or amendment. This information can be submitted in a cover letter, in another document, or by other means arranged with the department.

**(5) I belong to more than one retirement plan. Does the order have to be written any differently?** The order must include specific provisions for each plan.

(a) Example for providing an **interest** to an ex-spouse (RCW 41.50.670 and WAC 415-02-510): Paul belongs to both TRS Plan 2 and PERS Plan 3. His preretirement dissolution order gives an interest in his retirement accounts to his ex-spouse. The order should include the language provided in:

- WAC 415-02-510 to divide Paul's TRS Plan 2 monthly retirement allowance or accumulated contributions.
- WAC 415-02-530 to divide Paul's PERS Plan 3 monthly retirement allowance and/or accumulated contributions.

(b) Example for **splitting** an account with an ex-spouse: Mary is vested in both TRS Plan 2 and PERS Plan 3. Her preretirement dissolution order provides for splitting her retirement accounts with her ex-spouse. The order should include the language provided in:

- WAC 415-02-520 for preretirement splits to divide Mary's TRS Plan 2 retirement account.
- WAC 415-02-540 for preretirement splits to divide Mary's PERS Plan 3 monthly retirement allowance and/or defined contributions.

**(6) What happens if my ex-spouse misses the ninety-day deadline for filing a copy of the dissolution order with the department?**

(a) RCW 41.50.670 requires the "obligee" (ex-spouse) to file a copy of the dissolution order with the department within ninety days of the order's entry with the court of record.

(b) The department will accept an order after the ninety-day deadline but will not make retroactive payments or split your defined contribution account retroactively.

**(7) How will the department divide the "after-tax" and "tax-deferred" dollars in my retirement account between my ex-spouse and me?** Depending on your plan and how long you have been a member, your retirement account may include both "after-tax" and "tax-deferred" dollars. The department will divide the "after-tax" and "tax-deferred" dollars based on the amount(s) awarded to your ex-spouse, unless the dissolution order states otherwise.

Example: At the time of John's marriage dissolution, he had \$50,000 total contributions in his retirement account with \$20,000 in after-taxed dollars and \$30,000 in tax-deferred dollars. The dissolution order awards 50% of his accumulated contributions to his ex-spouse, Susan. Therefore, the department will give Susan \$10,000 of after-tax dollars and \$15,000 of tax-deferred dollars.

**(8) If I am in a retirement plan that offers survivor options, can the court order me to name my ex-spouse as my survivor beneficiary?** Yes. To do so, the dissolution order must include the language in RCW 41.50.790(1).

(9) **Is there a minimum benefit amount that the department will pay to my ex-spouse if the property division dissolution order splits my retirement account with my ex-spouse?** The answer is different depending on if the department accepts the property division dissolution order **BEFORE** or **AFTER** you retire.

(a) **BEFORE** retirement split: Yes. If the court order splits your account with your ex-spouse, and your ex-spouse's monthly payment will be less than the minimum monthly dollar amount for your retirement plan, the department may make a lump sum payment instead of monthly payments. The lump sum payment will be equal to the present value of the monthly payments. The department will **NOT** make the lump sum payment until your ex-spouse meets the age requirement for a normal retirement for your system and plan.

(b) **AFTER** retirement split: No. The department will pay the amount specified in the dissolution order as the ex-spouse's monthly payment amount even if it is less than the minimum monthly dollar amount for your system and plan.

(10) **Is there a maximum payment amount that the department will pay to my ex-spouse?** Yes. A court may not order the department to pay more than seventy-five percent of your monthly retirement allowance to your ex-spouse. See RCW 41.50.670(4).

(11) **How much is the fee the department charges for making payments directly to my ex-spouse?** The fee for making payment to your former spouse is seventy-five dollars. The fee will be divided evenly between you and your former spouse. See RCW 41.50.680.

(12) **What happens to my account if I return to retirement system membership?** Please contact the department for information if you are in this situation.

(13) **What language should the property division order use to divide my deferred compensation program (DCP) account?** Refer to WAC 415-501-495 or contact DCP for information about your DCP account and your marriage dissolution.

(14) **How do I contact the department for additional assistance?** Complete information is available in WAC 415-06-100 (How do I contact the department?).

(15) **Where can I find examples of completed property division dissolution orders?** Following are examples of the required language from the statutes and WAC sections that must be used in a dissolution order. The information in **bold italics** will be dictated by your own circumstances.

(a) **Example 1.** Jane Doe, a nonvested member of PERS Plan 2, and her husband, John Doe, decide to divorce. **WAC 415-02-510** governs dissolution orders of nonvested members of PERS Plan 2. Jane and John complete the paragraphs in RCW 41.50.670(2) and WAC 415-02-510(2) as follows:

**Defined Benefits:** If ***Jane Doe*** (the obligor) receives periodic retirement payments as defined in RCW 41.50.500, the department of retirement systems shall pay to ***John Doe*** (the obligee), *N/A* dollars from such payments or ***a fraction where the numerator is equal to 24 (the***

***number of months in which service credit was earned while the marital community was in existence), and the denominator is equal to the number of months of service credit earned by the obligor at the time of retirement X 50*** percent of such payments.

If the obligor's debt is expressed as a percentage of his or her periodic retirement payment and the obligee does not have a survivorship interest in the obligor's benefit, the amount received by the obligee shall be the percentage of the periodic retirement payment that the obligor would have received had he or she selected a standard allowance.

If ***Jane Doe*** (the obligor) requests or has requested a withdrawal of accumulated contributions as defined in RCW 41.50.500, or becomes eligible for a lump sum death benefit, the department of retirement systems shall pay to ***John Doe*** (the obligee) ***\$5,700*** dollars plus interest at the rate paid by the Department of Retirement Systems on member contributions. Such interest will accrue from the date of this order's entry with court of record.

**Accumulated Contributions:**

RCW 41.50.670(2), paragraph three, and WAC 415-02-510(2)

(b) **Example 2:** Binh Nguyen (a TRS Plan 3 retiree) and his wife, Lan Nguyen, are obtaining a property division dissolution order that splits his retirement account. When he retired, Binh had selected Lan to receive survivor benefits. WAC 415-02-540 applies, and the couple completes the required paragraphs.

**Defined Benefits:**

WAC 415-02-540(12)

The Department of Retirement Systems (department) shall create a **defined benefit account** for ***Lan Nguyen*** (ex-spouse) in the ***Teachers' Retirement System Plan 3*** (name of retirement system and plan) and pay him or her ***\$350*** (amount) for his or her life. To pay for this benefit, ***Binh Nguyen's*** (member's) **monthly defined benefit** payment will be reduced for life. This provision shall become effective no more than 30 days after the department's acceptance of the order.

**Defined Contributions:** The Department of Retirement Systems (department) shall split *Binh Nguyen's* (member's) **defined contribution account** in the *Teachers' Retirement System Plan 3* (name of retirement system and plan) and create a separate account for *Lan Nguyen* (ex-spouse). The amount of **\$25,000** (amount) shall be transferred from *Binh Nguyen's* (member's) **defined contribution account** to *Lan Nguyen's* (ex-spouse's) new account. This provision shall become effective no more than 30 days after the department's acceptance of the order.

**(16) Terms used:**

- (a) Department's acceptance - The department's determination that a dissolution order fully complies with the department's requirements and with chapter 41.50 RCW.
- (b) Dissolution order - RCW 41.50.500.
- (c) Obligee - RCW 41.50.500(5).
- (d) Obligor - RCW 41.50.500(6).
- (e) Plan 3 - WAC 415-111-100.
- (f) Vested - The status of a member who has the amount of service credit required by the member's system and plan for a service retirement when the age requirement is met.

Footnotes for section:

- <sup>1</sup> "Dissolution order" means any judgment, decree, or order of spousal maintenance, property division, or court-approved property settlement incident to a decree of divorce, dissolution, invalidity, or legal separation issued by the superior court of the state of Washington or a judgment, decree, or other order of spousal support issued by a court of competent jurisdiction in another state or country, that has been registered or otherwise made enforceable in this state. RCW 41.50.500(3) (2002).
- <sup>2</sup> When a court awards an interest in your retirement account, the department is required to pay a portion of your monthly retirement allowance or a portion of your contributions to your ex-spouse.
- <sup>3</sup> When a court splits your retirement account, the department will establish a separate account for your ex-spouse. Once the account has been established, your account and your ex-spouse's account are not tied in any way.

[Statutory Authority: RCW 41.50.050(5) and 41.50.680. 10-14-072, § 415-02-500, filed 7/1/10, effective 8/1/10. Statutory Authority: RCW 41.50-050(5), 41.50.670, 41.50.680, 41.50.790. 06-18-009, § 415-02-500, filed 8/24/06, effective 9/24/06. Statutory Authority: RCW 41.50.050(5), 41.50-500, [41.50.]670-[41.50.]710, [41.50.]790 and 2002 c 158. 03-12-014, § 415-02-500, filed 5/27/03, effective 7/1/03.]

**WAC 415-02-720 What does the department charge for processing split payments?** This section applies whenever the department administers split payments for child support, mandatory benefit assignment orders (MBAOs), or other direct pay orders.

	Type	Amount	Statutory Authority
(1)	Child support	Ten dollars for the first disbursement and one dollar for each additional. Fees will be charged to the obligor.	RCW 26.18.110(4); 26.23.060(9) and 74.20A.080(15)
(2)	Mandatory assignment of retirement benefits (MBAO)	Twenty-five dollars for the first disbursement and six dollars for each additional. Fees will be charged to the obligor.	RCW 41.50.600(4)
(3)	Property division obligations (see also WAC 415-02-500(11))	Seventy-five dollars. Fee will be divided equally between the obligor and obligee and deducted from your first payment.	RCW 41.50.680

[Statutory Authority: RCW 41.50.050(5) and 41.50.680. 10-14-072, § 415-02-720, filed 7/1/10, effective 8/1/10. Statutory Authority: RCW 41.50-050(5), 41.50.600, 41.50.680, 26.18.110(4), 26.23.060(9), 74.20A.080(15). 04-04-040, § 415-02-720, filed 1/29/04, effective 3/1/04.]

**WAC 415-02-740 What are the IRS limitations on maximum benefits and maximum contributions? (1) Basic Internal Revenue Code (IRC) section 415 limitations.** Subject to the provisions of this section, benefits paid from, and employee contributions made to, the plan shall not exceed the maximum benefits and the maximum annual addition, respectively, as applicable under IRC section 415. This rule applies retroactively beginning on January 1, 2009, except as otherwise stated.

**(2) Definitions.** As used in this section:

- (a) "IRC section 415(b) limit" refers to the limitation on benefits established by IRC section 415(b);
- (b) "IRC section 415(c) limit" refers to the limitation on annual additions established by IRC section 415(c); and
- (c) Limitation year is the calendar year.

**(3) Basic IRC section 415(b) limitation.** Before January 1, 1995, a member may not receive an annual benefit that exceeds the limits specified in IRC section 415(b), subject to the applicable adjustments in that section. On and after January 1, 1995, a member may not receive an annual benefit that exceeds the dollar amount specified in IRC section 415 (b)(1)(A), subject to the applicable adjustments in IRC section 415(b) and subject to any additional limits that may be specified in this section. In no event shall a member's annual benefit payable in any limitation year from this plan be greater than the limit applicable at the annuity starting date,

as increased in subsequent years pursuant to IRC section 415(d) and the regulations thereunder.

(4) **Annual benefit definition.** For purposes of IRC section 415(b), the "annual benefit" means a benefit payable annually in the form of a straight life annuity (with no ancillary benefits) without regard to the benefit attributable to the after-tax employee contributions (except pursuant to IRC section 415(n)) and to all rollover contributions as defined in IRC section 415 (b)(2)(A). The "benefit attributable" shall be determined in accordance with treasury regulations.

(5) **Adjustments to basic IRC section 415(b) limitation for form of benefit.** If the benefit under this plan is other than a straight life annuity with no ancillary benefit, then the benefit shall be adjusted so that it is the equivalent of the straight life annuity, using factors prescribed in treasury regulations.

If the form of benefit without regard to the automatic benefit increase feature is not a straight life annuity or a qualified joint and survivor annuity, then the preceding sentence is applied by either reducing the IRC section 415(b) limit applicable at the annuity starting date or adjusting the form of benefit to an actuarially equivalent amount (determined using the assumptions specified in Treasury Regulation section 1.415 (b)-1(c)(2)(ii)) that takes into account the additional benefits under the form of benefits as follows:

(a) For a benefit paid in a form to which IRC section 417 (e)(3) does not apply (a monthly benefit), the actuarially equivalent straight life annuity benefit that is the greater of (or the reduced IRC section 415(b) limit applicable at the annuity starting date which is the "lesser of" when adjusted in accordance with the following assumptions):

(i) The annual amount of the straight life annuity (if any) payable to the member under the plan commencing at the same annuity starting date as the form of benefit to the member; or

(ii) The annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the member, computed using a five percent interest assumption (or the applicable statutory interest assumption); and

(A) For years prior to January 1, 2009, the applicable mortality tables described in Treasury Regulation section 1.417 (e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent revenue ruling modifying the applicable provisions of Revenue Ruling 2001-62); or

(B) For years after December 31, 2008, the applicable mortality tables described in section 417 (e)(3)(B) of the Internal Revenue Code (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing section 417 (e)(3)(B) of the Internal Revenue Code).

(b) For a benefit paid in a form to which IRC section 417 (e)(3) applies (a lump sum benefit), the actuarially equivalent straight life annuity benefit that is the greatest of (or the reduced IRC section 415(b) limit applicable at the annuity starting date which is the "least of" when adjusted in accordance with the following assumptions):

(i) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using the interest rate and mortality table, or tabular factor, specified in the plan for actuarial experience;

(ii) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using a five and one-half percent interest assumption (or the applicable statutory interest assumption); and

(A) For years prior to January 1, 2009, the applicable mortality tables described in Treasury Regulation section 1.417 (e)-1(d)(2) (Revenue Ruling 2001-62 or any subsequent revenue ruling modifying the applicable provisions of Revenue Ruling 2001-62); or

(B) For years after December 31, 2008, the applicable mortality tables described in section 417 (e)(3)(B) of the Internal Revenue Code (Notice 2008-85 or any subsequent Internal Revenue Service guidance implementing section 417 (e)(3)(B) of the Internal Revenue Code).

(ii) The annual amount of the straight life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable (computed using the applicable interest rate for the distribution under Treasury Regulation section 1.417 (e)-1(d)(3) (the thirty-year treasury rate (prior to January 1, 2007, using the rate in effect for the month prior to retirement, and on and after January 1, 2007, using the rate in effect for the first day of the plan year with a one-year stabilization period)) and the applicable mortality rate for the distribution under Treasury Regulation section 1.417 (e)-1(d)(2) (the mortality table specified in Revenue Ruling 2001-62 or any subsequent revenue ruling modifying the applicable provisions of Revenue Ruling 2001-62), divided by 1.05.

(6) **Benefits not taken into account for IRC section 415(b) limit.** For purposes of this section, the following benefits shall not be taken into account in applying these limits:

(a) Any ancillary benefit which is not directly related to retirement income benefits;

(b) That portion of any joint and survivor annuity that constitutes a qualified joint and survivor annuity; and

(c) Any other benefit not required under IRC section 415 (b)(2) and treasury regulations thereunder to be taken into account for purposes of the limitation of IRC section 415 (b)(1).

(7) **Other adjustments in IRC section 415(b) limitation.**

(a) In the event the member's retirement benefits become payable before age sixty-two, the limit prescribed by this section shall be reduced in accordance with regulations issued by the Secretary of the Treasury pursuant to the provisions of IRC section 415(b), so that such limit (as so reduced) equals an annual straight life benefit (when such retirement income benefit begins) which is equivalent to a one hundred sixty thousand dollar (as adjusted) annual benefit beginning at age sixty-two.

(b) In the event the member's benefit is based on at least fifteen years of service as a full-time employee of any police or fire department or on fifteen years of military service, the adjustments provided for in (a) of this subsection shall not apply.

(c) The reductions provided for in (a) of this subsection shall not be applicable to preretirement disability benefits or preretirement death benefits.

(8) **Less than ten years of service adjustment for IRC section 415(b) limitation.** The maximum retirement bene-

fits payable to any member who has completed less than ten years of service shall be the amount determined under subsection (1) of this section multiplied by a fraction, the numerator of which is the number of the member's years of service and the denominator of which is ten. The reduction provided by this subsection cannot reduce the maximum benefit below ten percent. The reduction provided by this subsection shall not be applicable to preretirement disability benefits or preretirement death benefits.

**(9) Effect of cost-of-living adjustment (COLA) without a lump sum component on IRC section 415(b) testing.** Effective on and after January 1, 2009, for purposes of applying the IRC section 415(b) limit to a member with no lump sum benefit, the following will apply:

(a) A member's applicable IRC section 415(b) limit will be applied to the member's annual benefit in the member's first limitation year without regard to any automatic COLAs;

(b) To the extent that the member's annual benefit equals or exceeds the limit, the member will no longer be eligible for COLA increases until such time as the benefit plus the accumulated increases are less than the IRC section 415(b) limit; and

(c) Thereafter, in any subsequent limitation year, a member's annual benefit, including any automatic COLA increases, shall be tested under the then applicable IRC section 415(b) limit including any adjustment to the IRC section 415 (b)(1)(A) dollar limit under IRC section 415(d), and the treasury regulations thereunder.

**(10) Effect of COLA with a lump sum component on IRC section 415(b) testing.** On and after January 1, 2009, with respect to a member who receives a portion of the member's annual benefit in a lump sum, a member's applicable limit will be applied taking into consideration COLA increases as required by IRC section 415(b) and applicable treasury regulations.

**(11) IRC section 415(c) limit.** After-tax member contributions or other annual additions with respect to a member may not exceed the lesser of forty thousand dollars, as adjusted pursuant to IRC section 415(d), or one hundred percent of the member's compensation.

(a) Annual additions are defined to mean the sum (for any year) of employer contributions to a defined contribution plan, member contributions, and forfeitures credited to a member's individual account. Member contributions are determined without regard to rollover contributions and to picked-up employee contributions that are paid to a defined benefit plan.

(b) For purposes of applying the IRC section 415(c) limits only and for no other purpose, the definition of compensation where applicable will be compensation actually paid or made available during a limitation year, except as noted below and as permitted by Treasury Regulation section 1.415 (c)-2, or successor regulation; provided; however, that member contributions picked up under IRC section 414(h) shall not be treated as compensation.

(c) Unless another definition of compensation that is permitted by Treasury Regulation section 1.415 (c)-2, or successor regulation, is specified by the plan, compensation will be defined as wages within the meaning of IRC section 3401(a) and all other payments of compensation to an employee by an employer for which the employer is required to furnish the

employee a written statement under IRC sections 6041(d), 6051 (a)(3), and 6052 and will be determined without regard to any rules under IRC section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in IRC section 3401 (a)(2)).

(i) However, for limitation years beginning on and after January 1, 1998, compensation will also include amounts that would otherwise be included in compensation but for an election under IRC sections 125(a), 402 (e)(3), 402 (h)(1)(B), 402(k), or 457(b). For limitation years beginning on and after January 1, 2001, compensation will also include any elective amounts that are not includible in the gross income of the employee by reason of IRC section 132 (f)(4).

(ii) For limitation years beginning on and after January 1, 2009, compensation for the limitation year will also include compensation paid by the later of two and one-half months after an employee's severance from employment or the end of the limitation year that includes the date of the employee's severance from employment if:

(A) The payment is regular compensation for services during the employee's regular working hours, or compensation for services outside the employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar payments, and, absent a severance from employment, the payments would have been paid to the employee while the employee continued in employment with the employer; or

(B) The payment is for unused accrued bona fide sick, vacation or other leave that the employee would have been able to use if employment had continued.

(iii) Back pay, within the meaning of Treasury Regulation section 1.415 (c)-2(g)(8), shall be treated as compensation for the limitation year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.

(iv) Beginning January 1, 2009, to the extent required by IRC sections 3401(h) and 414 (u)(2), an individual receiving a differential wage payment (as defined in section 3401 (h)(2) of the Internal Revenue Code) from an employer shall be treated as employed by that employer, and the differential wage payment shall be treated as compensation for purposes of applying the limits on annual additions under section 415(c) of the Internal Revenue Code. This provision shall be applied to all similarly situated individuals in a reasonably equivalent manner.

**(12) Service purchases under IRC section 415(n).** Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, if a member makes one or more contributions to purchase permissive service credit under the plan, then the requirements of IRC section 415(n) will be treated as met only if:

(a) The requirements of IRC section 415(b) are met, determined by treating the accrued benefit derived from all such contributions as an annual benefit for purposes of IRC section 415(b); or

(b) The requirements of IRC section 415(c) are met, determined by treating all such contributions as annual additions for purposes of IRC section 415(c).

(c) For purposes of applying this subsection, the plan will not fail to meet the reduced limit under IRC section 415

(b)(2)(C) solely by reason of this subsection and will not fail to meet the percentage limitation under IRC section 415 (c)(1)(B) solely by reason of this subsection.

(d) For purposes of this subsection the term "permissive service credit" means service credit:

(i) Recognized by the plan for purposes of calculating a member's benefit under the plan;

(ii) Which such member has not received under the plan; and

(iii) Which such member may receive only by making a voluntary additional contribution, in an amount determined under the plan, which does not exceed the amount necessary to fund the benefit attributable to such service credit.

Effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, such term may include service credit for periods for which there is no performance of service, and, notwithstanding (d)(ii) of this subsection, may include service credited in order to provide an increased benefit for service credit which a member is receiving under the plan.

(e) The plan will fail to meet the requirements of this section if:

(i) More than five years of nonqualified service credit are taken into account for purposes of this subsection; or

(ii) Any nonqualified service credit is taken into account under this subsection before the member has at least five years of participation under the plan.

(f) For purposes of (e) of this subsection, effective for permissive service credit contributions made in limitation years beginning after December 31, 1997, the term "nonqualified service credit" means permissive service credit other than that allowed with respect to:

(i) Service (including parental, medical, sabbatical, and similar leave) as an employee of the government of the United States, any state or political subdivision thereof, or any agency or instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of a repayment described in IRC section 415 (k)(3));

(ii) Service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in (f)(i) of this subsection) of an education organization described in IRC section 170 (b)(1)(A)(ii) which is a public, private, or sectarian school which provides elementary or secondary education through grade twelve, or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed;

(iii) Service as an employee of an association of employees who are described in (f)(i) of this subsection; or

(iv) Military service, other than qualified military service under section 414(u), recognized by the plan.

(g) In the case of service described in (f)(i), (ii), or (iii) of this subsection, such service will be nonqualified service if recognition of such service would cause a member to receive a retirement benefit for the same service under more than one plan.

(h) In the case of a trustee-to-trustee transfer after December 31, 2001, to which IRC section 403 (b)(13)(A) or 457 (e)(17)(A) applies, without regard to whether the transfer is made between plans maintained by the same employer:

(i) The limitations of (e) of this subsection will not apply in determining whether the transfer is for the purchase of permissive service credit; and

(ii) The distribution rules applicable under federal law to the plan will apply to such amounts and any benefits attributable to such amounts.

(i) For an eligible member, the limitation of IRC section 415 (c)(1) shall not be applied to reduce the amount of permissive service credit which may be purchased to an amount less than the amount which was allowed to be purchased under the terms of the plan as in effect on August 5, 1997. For purposes of this subsection (12)(i), an eligible member is an individual who first became a member in the plan before January 1, 1998.

**(13) Modification of contributions for IRC sections 415(c) and 415(n) purposes.** Notwithstanding any other provision of law to the contrary, the department may modify a request by a member to make a contribution to the plan if the amount of the contribution would exceed the limits provided in IRC section 415 by using the following methods:

(a) If the law allows, the department may establish either a lump sum or a periodic payment plan for the member to avoid a contribution in excess of the limits under IRC sections 415(c) or 415(n).

(b) If payment pursuant to (a) of this subsection will not avoid a contribution in excess of the limits imposed by IRC sections 415(c) or 415(n), the department may either reduce the member's contribution to an amount within the limits of those sections or refuse the member's contribution.

**(14) Repayments of cash outs.** Any repayment of contributions, including interest thereon, to the plan with respect to an amount previously refunded upon a forfeiture of service credit under the plan or another governmental plan maintained by the state or a local government within the state shall not be taken into account for purposes of IRC section 415, in accordance with applicable treasury regulations.

**(15) Participation in other qualified plans: Aggregation of limits.**

(a) The IRC section 415(b) limit with respect to any member who at any time has been a member in any other defined benefit plan as defined in IRC section 414(j) maintained by the member's employer shall apply as if the total benefits payable under all such defined benefit plans in which the member has been a member were payable from one plan.

(b) The IRC section 415(c) limit with respect to any member who at any time has been a member in any other defined contribution plan as defined in IRC section 414(i) maintained by the member's employer shall apply as if the total annual additions under all such defined contribution plans in which the member has been a member were payable from one plan.

**(16) Reduction of benefits priority.** Reduction of benefits and/or contributions to all plans, where required, shall be accomplished by first reducing the member's defined benefit component under any defined benefit plans in which the member participated, such reduction to be made first with respect to the plan in which the member most recently accrued benefits and thereafter in such priority as shall be determined by the plan and the plan administrator of such other plans; and next, by reducing the member's defined contribution component benefit under any defined benefit plans;

and next by reducing or allocating excess forfeitures for defined contribution plans in which the member participated, such reduction to be made first with respect to the plan in which the member most recently accrued benefits and thereafter in such priority as shall be established by the plan and the plan administrator for such other plans provided; however, that necessary reductions may be made in a different manner and priority pursuant to the agreement of the plan and the plan administrator of all other plans covering such member.

[Statutory Authority: RCW 41.50.050(5), 10-24-099, § 415-02-740, filed 12/1/10, effective 1/1/11.]

**WAC 415-02-750 How does the department comply with Internal Revenue Code distribution rules?** (1) All benefits paid from the retirement plan shall be distributed in accordance with a reasonable and good faith interpretation of the requirements of section 401 (a)(9) of the Internal Revenue Code, as applicable to a governmental plan within the meaning of section 414(d) of the Internal Revenue Code. In order to meet these requirements, the retirement plan shall be administered in accordance with the following provisions:

(a) Distribution of a member's benefit must begin by the later of April 1st following the calendar year in which a member attains age seventy and one-half or April 1st of the year following the calendar year in which the member retires;

(b) Unless distributed in a lump sum, the member's entire interest must be distributed over the member's life or the lives of the member and a designated beneficiary, or over a period not extending beyond the life expectancy of the member or of the member and designated beneficiary;

(c) The life expectancy of a member or the member's spouse or beneficiary may not be recalculated after the benefits commence;

(d) If a member dies before the required distribution of the member's benefits has begun, the member's entire interest must be either:

(i) Distributed (in accordance with federal regulations) over the life or life expectancy of the designated beneficiary, with the distributions beginning no later than December 31st of the calendar year following the calendar year of the member's death; or

(ii) Distributed within five years of the member's death.

(e) The amount of an annuity paid to a member's beneficiary may not exceed the maximum determined under the incidental death benefit requirement of section 401 (a)(9)(G) of the Internal Revenue Code, and the minimum distribution incidental benefit rule under Treasury Regulation section 1.401 (a)(9)-6, Q&A 2; and

(f) If a member dies after the distribution of the member's benefits has begun, the remaining portion of the member's interest will be distributed at least as rapidly as under the method of distribution being used for the member as of the date of the member's death.

(2) The retirement system pursuant to a valid dissolution order as defined in RCW 41.50.500 may establish separate benefits for a member and nonmember.

(3) The death and disability benefits provided by the plan are limited by the incidental benefit rule set forth in section 401 (a)(9)(G) of the Internal Revenue Code and Treasury Regulation section 1.401-1 (b)(1)(i) or any successor regula-

tion thereto. As a result, the total death or disability benefits payable may not exceed twenty-five percent of the cost for all of the members' benefits received from the plan.

[Statutory Authority: RCW 41.50.050(5), 10-24-099, § 415-02-750, filed 12/1/10, effective 1/1/11.]

**WAC 415-02-751 How does the department comply with Internal Revenue Code rollover rules?** (1) A distributee may elect to have eligible rollover distributions paid in a direct rollover to an eligible retirement plan the distributee specifies, pursuant to section 401 (a)(31) of the federal Internal Revenue Code.

(2) "Eligible rollover distribution" means any distribution of all or any portion of the balance to the distributee with the following exceptions:

(a) Any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or the life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more;

(b) Any distribution to the extent such distribution is required under section 401 (a)(9) of the Internal Revenue Code;

(c) The portion of any distribution that is not includible in gross income; and

(d) Any other distribution that is reasonably expected to total less than two hundred dollars during the year.

Effective January 1, 2002, a portion of a distribution will not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions that are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in section 408 (a) or (b) of the Internal Revenue Code, or to a qualified defined contribution plan described in section 401(a) of the Internal Revenue Code, or on or after January 1, 2007, to a qualified defined benefit plan described in section 401(a) of the Internal Revenue Code or to an annuity contract described in section 403(b) of the Internal Revenue Code, that agrees to separately account for amounts so transferred (and earnings thereon), including separately accounting for the portion of the distribution that is includible in gross income and the portion of the distribution that is not so includible.

Effective January 1, 2002, the definition of eligible rollover distribution also includes a distribution to a surviving spouse, or to a spouse or former spouse who is an alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Internal Revenue Code.

(3) "Eligible retirement plan" means any of the following that accepts the distributee's eligible rollover distribution:

(a) An individual retirement account described in section 408(a) of the Internal Revenue Code;

(b) An individual retirement annuity described in section 408(b) of the Internal Revenue Code;

(c) An annuity plan described in section 403(a) of the Internal Revenue Code;

(d) A qualified trust described in section 401(a) of the Internal Revenue Code;

(e) Effective January 1, 2002, an annuity contract described in section 403(b) of the Internal Revenue Code;

(f) Effective January 1, 2002, a plan eligible under section 457(b) of the Internal Revenue Code that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or a political subdivision of a state that agrees to separately account for amounts transferred into such 457(b) plan from this plan; or

(g) Effective January 1, 2008, a Roth IRA described in section 408A of the Internal Revenue Code.

(4) "Distributee" means an employee or former employee. It also includes the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Internal Revenue Code. Effective January 1, 2007, a distributee further includes a nonspouse beneficiary who is a designated beneficiary as defined by section 401 (a)(9)(E) of the Internal Revenue Code. However, a nonspouse beneficiary may rollover the distribution only to an individual retirement account or individual retirement annuity established for the purpose of receiving the distribution, and the account or annuity will be treated as an "inherited" individual retirement account or annuity.

(5) "Direct rollover" means a payment by the plan to the eligible retirement plan specified by the distributee.

[Statutory Authority: RCW 41.50.050(5). 10-24-099, § 415-02-751, filed 12/1/10, effective 1/1/11.]

**WAC 415-02-752 How does the department comply with Internal Revenue Code compensation limit rules?** (1) As used in this section, the term "eligible member" means a person who first became a member of the plan prior to the plan year beginning after December 31, 1995. Pursuant to section 13212 (d)(3)(A) of OBRA '93, and the regulations issued under that section, eligible members are not subject to the limits of section 401 (a)(17) of the Internal Revenue Code, and the maximum compensation used in computing employee and employer contributions to or benefits due from the plan for eligible members shall be the maximum amount allowed by the plan to be so used on July 1, 1993. The limits referenced in subsections (2) and (3) of this section apply only to years beginning after December 31, 1995, and only to individuals who first became plan members in plan years beginning on and after January 1, 1996.

(2) Effective with respect to plan years beginning on and after January 1, 1996, and before January 1, 2002, the annual compensation of a plan member (who is not an eligible member) which exceeds one hundred fifty thousand dollars (as adjusted for cost-of-living increases under section 401 (a)(17)(B) of the Internal Revenue Code) shall be ignored for purposes of computing employee and employer contributions to or benefits due from the plan. Effective only for the 1996 plan year, in determining the compensation of an employee eligible for consideration under this provision, the rules of section 414 (g)(6) of the Internal Revenue Code shall apply, except that in applying such rules, the term "family" shall include only the spouse of the member and any lineal descendants of the employee who have not attained age nineteen before the close of the year.

(3) Effective with respect to plan years beginning on and after January 1, 2002, the annual compensation of a plan member (who is not an eligible member) which exceeds two

hundred thousand dollars (as adjusted for cost-of-living increases in accordance with section 401 (a)(17)(B) of the Internal Revenue Code) may not be used in determining benefits or contributions due for any plan year. Annual compensation means compensation during the plan year or such other consecutive twelve-month period over which compensation is otherwise determined under the plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year. If the determination period consists of fewer than twelve months, the annual compensation limit is an amount equal to the otherwise applicable annual compensation limit multiplied by a fraction, the numerator of which is the number of months in the short determination period, and the denominator of which is twelve. If the compensation for any prior determination period is used in determining a plan member's contributions or benefits for the current plan year, the compensation for such prior determination period is subject to the applicable annual compensation limit in effect for that prior period. The determination period for testing contributions is the calendar year.

[Statutory Authority: RCW 41.50.050(5). 10-24-099, § 415-02-752, filed 12/1/10, effective 1/1/11.]

**WAC 415-02-753 How does the department comply with Internal Revenue Code vesting rules?** (1) In addition to protections provided by state law, a plan member shall be one hundred percent vested in all plan benefits upon attainment of the normal retirement age and service requirements.

(2) A plan member shall be one hundred percent vested in his or her accumulated contributions at all times.

(3) The plan may only be terminated by action of the legislature and employer contributions must be paid in accordance with state law. In the event the legislature took action to terminate a plan, in whole or in part, or discontinue employer contributions to the plan, any applicable state law and constitutional protections would apply to accrued benefits. In such event, pursuant to federal rules, a plan member's accrued benefit under the plan in nonforfeitable to the extent funded.

[Statutory Authority: RCW 41.50.050(5). 10-24-099, § 415-02-753, filed 12/1/10, effective 1/1/11.]

**WAC 415-02-754 How does the department comply with Internal Revenue Code definitely determinable benefit rules?** (1) In conformity with section 401 (a)(8) of the Internal Revenue Code, any forfeitures of benefits by members or former members of the plan will not be used to pay benefit increases. However, such forfeitures shall be used to reduce employer contributions.

(2) In conformity with section 401 (a)(25) of the Internal Revenue Code, actuarial equivalence for purposes of calculating benefit options is determined using the following assumptions and without employer discretion:

Interest rate: Five percent; and

(a) For years prior to January 1, 2009, the mortality table specified in Revenue Ruling 2001-62 or any subsequent revenue ruling modifying the applicable provisions of Revenue Ruling 2001-62; or

(b) For years after December 31, 2008, the applicable mortality tables described in section 417 (e)(3)(B) of the Internal Revenue Code, Notice 2008-85, or any subsequent Internal Revenue Service guidance implementing section 417 (e)(3)(B) of the Internal Revenue Code.

[Statutory Authority: RCW 41.50.050(5), 10-24-099, § 415-02-754, filed 12/1/10, effective 1/1/11.]

**WAC 415-02-755 How does the department comply with Internal Revenue Code USERRA rules?** Effective December 12, 1994, notwithstanding any other provisions of state law, contributions, benefits and service credit with respect to qualified military service are governed by section 414(u) of the Internal Revenue Code and the Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994.

Effective with respect to deaths occurring on and after January 1, 2007, while a member is performing qualified military service (as defined in chapter 43 of Title 38 of the United States Code), to the extent required by section 401 (a)(37) of the Internal Revenue Code, survivors of a member of a retirement system are entitled to any additional benefits that the system would provide if the member had resumed employment and then died, such as accelerated vesting or survivor benefits that are contingent on the member's death while employed. In any event, a deceased member's period of qualified service must be counted for vesting purposes.

[Statutory Authority: RCW 41.50.050(5), 10-24-099, § 415-02-755, filed 12/1/10, effective 1/1/11.]

**WAC 415-02-756 How does the department comply with Internal Revenue Code exclusive benefit rules?** No assets of the retirement system may be used for or diverted to a purpose other than the exclusive benefit of the members and their beneficiaries at any time prior to the satisfaction of all liabilities with respect to members and their beneficiaries.

[Statutory Authority: RCW 41.50.050(5), 10-24-099, § 415-02-756, filed 12/1/10, effective 1/1/11.]

## Chapter 415-103 WAC

### WASHINGTON STATE PATROL RETIREMENT SYSTEM (WSPRS)

#### WAC

415-103-215 What are the WSPRS Plan 1 retirement benefit options?

**WAC 415-103-215 What are the WSPRS Plan 1 retirement benefit options?** This section only applies to members commissioned before January 1, 2003.

(1) When retiring for service, a married member can choose either Option A (historic retirement option) under RCW 43.43.260 and 43.43.270 or Option B under RCW 43.43.278. Both options include a survivor feature that entitles the eligible surviving spouse and any eligible children to receive a monthly benefit after the retiree dies.

(2) **Option A (historic retirement option and survivor benefit).** The department pays the retiree a monthly retirement benefit in accordance with RCW 43.43.260 (Benefits). The department pays survivor benefits in accordance with RCW 43.43.270 (Retirement allowances).

(a) **Surviving spouse.** When the retiree dies, the department pays the retiree's surviving spouse a monthly retirement benefit equal to the gross monthly benefit then payable to the retiree, or a benefit equal to fifty percent of the average final salary (AFS) used to determine the retiree's benefit, whichever is less.

(b) **Surviving children when there is a surviving spouse.** If the retiree has a surviving spouse and surviving unmarried children under the age of eighteen years, each child shall be entitled to a benefit equal to five percent of the retiree's average final salary (AFS) at retirement. The combined benefits to the surviving spouse and all children cannot exceed sixty percent of the retiree's AFS.

(3) **Option B (actuarially equivalent retirement option and survivor benefit).** The department pays the retiree a monthly retirement benefit that is actuarially reduced from the benefit calculated under Option A. The department pays survivor benefits in accordance with RCW 43.43.278 using actuarial factors in WAC 415-02-380 (10) and (11).

(a) **Surviving spouse.** When the retiree dies, the department pays the retiree's surviving spouse a monthly retirement benefit equal to the gross monthly benefit then payable to the retiree.

(b) **Surviving children when there is a surviving spouse.** If the retiree has a surviving spouse and surviving unmarried children under the age of eighteen years, each surviving unmarried child under the age of eighteen years shall be entitled to a benefit equal to five percent of the retiree's average final salary (AFS) at retirement.

#### (4) Benefits included in Option A and Option B.

(a) **Cost-of-living adjustment.** The retiree's annual adjustment every July is based upon the provisions in RCW 43.43.260(5). The annual adjustment applies to the eligible surviving spouse and any eligible children, who receive a monthly benefit after the retiree dies.

(b) **Surviving spouse eligibility.** To be eligible for a benefit, the surviving spouse of a retiree must either:

(i) Have been married to the retiree prior to his or her retirement and continuously thereafter until the retiree's death; or

(ii) Have been married to the retiree for at least two years prior to the retiree's death.

(c) **Remarriage of surviving spouse.** If a surviving spouse who is receiving benefits under this subsection marries another member of WSPRS and that retiree dies before the spouse, the spouse will receive only the higher of the two survivors' benefits for which he or she qualifies. The surviving spouse cannot receive more than one survivor benefit at a time under this subsection.

(d) **Surviving children when there is no surviving spouse.** If there is no surviving spouse or the surviving spouse dies, the unmarried child or children under the age of eighteen years shall be entitled to a benefit equal to thirty percent of the retiree's AFS for one child and an additional ten percent of AFS for each additional child. The combined benefits to the surviving children cannot exceed sixty percent of the retiree's AFS. Benefit payments under this subsection will be divided equally among the children.

(e) **End of benefits.** All benefits end when the surviving spouse dies or the youngest unmarried child reaches age eighteen, whichever occurs last.

(f) **Distribution of remaining contributions.** Any remaining balance of the retiree's accumulated contributions will be paid to:

(i) The person(s), trust, organization, or retiree's estate specified by the retiree on the appropriate department designated form, duly executed and properly on file with the department on or before the retiree's death; or

(ii) To the retiree's legal representative, if no person or entity designated in (f)(i) of this subsection is living or in existence at the time of the retiree's death.

**(5) Pop-up provision.**

(a) This subsection only applies to members retiring on or after July 1, 2000, who select Option B.

(b) If the retiree and spouse divorce, or if the spouse dies before the retiree, the retiree's monthly retirement benefit increases, effective the first day of the following month, to:

(i) The amount that the retiree would have received had the retiree chosen Option A at retirement; plus

(ii) Any cost of living adjustments (COLA) the retiree received prior to the divorce or the spouse's death.

(c) Pop-up recalculation example:

Option B: Bob retires on September 1, 2010. His Option A monthly benefit is \$3,000. He selects Option B so that his spouse, Linda, will receive his monthly benefit and COLA after he dies. Bob is 5 years younger than Linda. As a result, the department will calculate the adjustment to Bob's monthly retirement benefit by using the survivor option factor found in WAC 415-02-380(11). With a -5 year age difference, the value corresponding to WSP Plan 1 Option B is 0.967. This value, 0.967, will be multiplied against the \$3,000 Option A benefit amount. Bob's Option B monthly benefit amount will be \$2,901. Bob receives his first COLA on July 1, 2012, in the amount of \$87.03. Bob's monthly benefit amount with the COLA is \$2,988.03.

Linda dies in September 2012. Under the "pop-up" provision, Bob's monthly benefit increased in October 2012 to a total of \$3,087.03. His new benefit amount includes the \$3,000 he would have received had he originally chosen Option A, plus the COLA he received in 2012 (\$87.03).

(d) If a retiree whose benefit increases under this subsection dies and there is no eligible child, all benefit payments end. Any remaining balance of the retiree's accumulated contributions will be paid to:

(i) The person(s), trust, organization, or retiree's estate specified by the retiree on the appropriate department designated form, duly executed and properly on file with the department on or before the retiree's death; or

(ii) To the retiree's legal representative, if no person or entity designated in (d)(i) of this subsection is living or in existence at the time of the retiree's death.

(6) For more information see chapter 415-02 WAC starting with WAC 415-02-300 for the tables, schedules, and factors the department uses for calculating retirement benefits.

(7) Terms used in this section:

"Pop-up" - see WAC 415-02-030.

[Statutory Authority: RCW 41.50.050(5), 10-16-086, § 415-103-215, filed 7/30/10, effective 9/1/10. Statutory Authority: RCW 41.50.050(5), 43.43.-260, [43.43.]270, [43.43.]278, [43.43.]280(1), 02-23-037, § 415-103-215,

filed 11/13/02, effective 1/1/03. Statutory Authority: RCW 41.50.050(5), 43.43.142, 43.43.278, 43.43.280, 01-13-010, § 415-103-215, filed 6/8/01, effective 7/9/01. Statutory Authority: RCW 43.43.278 and 41.50.050, 00-11-103, § 415-103-215, filed 5/18/00, effective 6/18/00.]

### Chapter 415-106 WAC

#### PUBLIC SAFETY EMPLOYEES' RETIREMENT SYSTEM

##### DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

415-106-050	How does the department comply with Internal Revenue Code distribution rules? [Statutory Authority: RCW 41.50.050(5), chapter 41.37 RCW and IRS regulations. 08-02-046, § 415-106-050, filed 12/27/07, effective 1/27/08.] Repealed by 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).
415-106-060	What are the IRS limitations on maximum benefits and maximum contributions? [Statutory Authority: RCW 41.50.050(5), chapter 41.37 RCW and IRS regulations. 08-02-046, § 415-106-060, filed 12/27/07, effective 1/27/08.] Repealed by 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).
415-106-070	Assets for exclusive benefit of members and beneficiaries. [Statutory Authority: RCW 41.50.050(5), chapter 41.37 RCW and IRS regulations. 08-02-046, § 415-106-070, filed 12/27/07, effective 1/27/08.] Repealed by 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).

### Chapter 415-108 WAC

#### PUBLIC EMPLOYEES' RETIREMENT SYSTEM

##### DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

415-108-181	How does the department comply with Internal Revenue Code distribution rules? [Statutory Authority: RCW 41.50.050(5), chapter 41.40 RCW and IRS regulations. 02-14-009, § 415-108-181, filed 6/20/02, effective 7/21/02.] Repealed by 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).
415-108-182	What are the IRS limitations on maximum benefits and maximum contributions? [Statutory Authority: RCW 41.50.050(5), chapter 41.40 RCW and IRS regulations. 02-14-009, § 415-108-182, filed 6/20/02, effective 7/21/02.] Repealed by 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).
415-108-183	Assets for exclusive benefit of members and beneficiaries. [Statutory Authority: RCW 41.50.050(5), chapter 41.40 RCW and IRS regulations. 02-14-009, § 415-108-183, filed 6/20/02, effective 7/21/02.] Repealed by 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).

### Chapter 415-110 WAC

#### SCHOOL EMPLOYEES' RETIREMENT SYSTEM

##### DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

415-110-050	How does the department comply with Internal Revenue Code distribution rules? [Statutory Authority: RCW 41.50.050(5), chapter 41.35 RCW and IRS regulations. 02-14-009, § 415-110-050, filed 6/20/02, effective 7/21/02.] Repealed by 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).
415-110-060	What are the IRS limitations on maximum benefits and maximum contributions? [Statutory Authority: RCW 41.50.050(5), chapter 41.35 RCW and IRS regulations. 02-14-009, § 415-110-060, filed 6/20/02, effective 7/21/02.] Repealed by 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).

415-110-070 Assets for exclusive benefit of members and beneficiaries. [Statutory Authority: RCW 41.50.050(5), chapter 41.35 RCW and IRS regulations. 02-14-009, § 415-110-070, filed 6/20/02, effective 7/21/02.] Repealed by 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).

## Chapter 415-111 WAC

### PLAN 3—DEFINED CONTRIBUTION PLANS

#### WAC

415-111-320 May I purchase a life annuity with my Plan 3 defined contribution account?

**WAC 415-111-320 May I purchase a life annuity with my Plan 3 defined contribution account?** Any time after you become eligible to withdraw funds from your Plan 3 account, you may use part or all of your funds to purchase a life annuity according to this section. To purchase a Total Allocation Portfolio (TAP) Annuity that is administered by the state of Washington you must use funds that are in the Washington state investment board (WSIB) investment program. To purchase an annuity through an insurance company that is offered by the self-directed investment program, you must use funds that are in the self-directed investment program.

(1) **What is a life annuity?** A life annuity is a contract that provides a guaranteed income for the rest of your life in exchange for a lump-sum dollar amount you pay up front. The contract specifies the amount you pay to purchase the annuity, the amount you will receive each month, and any other terms and conditions.

(a) **A single life annuity** is based on your lifetime. It provides guaranteed payments for as long as you live. The payments stop upon your death.

(b) **A joint life annuity** is based on two lifetimes, yours and another person that you choose (referred to as your joint annuitant). It provides guaranteed payments to you during your lifetime, and then, if your joint annuitant survives you, to your joint annuitant for the remainder of his/her lifetime. The payments stop when both you and your joint annuitant die.

(c) **A term-certain—Single life annuity** is based on your lifetime. It provides you with regular payments for as long as you live. It also guarantees the payments for a specific, predetermined period of time (term-certain). If you die before the specified period of time, payments will continue to your beneficiary for the balance of the specified period.

(d) **A term-certain—Joint life annuity** is based on two lifetimes, yours and your joint annuitant's. It provides regular payments for as long as you or your joint annuitant lives. It also guarantees those payments for a specific, predetermined period of time (term-certain). If you and your joint annuitant should both die before the specified period of time, payments will continue to your beneficiary for the balance of the specified period.

#### **Example (term-certain—Joint life annuity):**

John purchased a 20-year term-certain joint life annuity. He received monthly payments until his death 10 years later. Upon John's death, Mary, John's joint annuitant, will receive payments for the duration of her life.

- If Mary lives for 5 years after John's death, upon her death the annuity will make payments to John's beneficiary for 5 years, the remainder of the 20-year term.
- If Mary lives for 15 years after John's death, upon her death the annuity will cease. The annuity will have paid benefits for 25 years, five years beyond the 20-year guaranteed period.

(2) **Are the life annuities offered by each investment program different?** The life annuities offered through the WSIB investment program and the self-directed investment program have distinct features and options. Each program may offer some or all of the annuities described in subsection (1) of this section. Minimum purchase price, payment frequency, survivorship percentages, length of term-certain annuities, and other optional features differ between programs as well.

(3) **How is the original purchase price of the life annuity determined?** You will choose how much of your defined contribution funds to use as your original purchase price. The minimum purchase price depends on the type of annuity you purchase: The minimum purchase price for a TAP annuity is twenty-five thousand dollars and the minimum purchase price for an annuity through a self-directed investment program insurance company is five thousand dollars.

The minimum purchase price for a life annuity is subject to change.

(4) **How are the monthly annuity payments calculated?** The amount of your monthly annuity payment is based on various actuarial assumptions, including without limitation, assumptions about life expectancy and anticipated investment returns. The amount of your monthly annuity payment will vary depending on:

- (a) The original purchase price;
- (b) Your age;
- (c) The age of your joint annuitant (if any);
- (d) The survivorship percentage you select on a joint annuity (if any); and
- (e) Other features of your specific annuity, including, but not limited to, COLAs or refunds of undistributed balances upon your death.

For more information about the factors used in calculating a TAP annuity, see WAC 415-02-390. For more information about the factors used in calculating an annuity through a self-directed investment program insurance company, contact the Plan 3 record keeper.

(5) **May I cancel my purchase of an annuity contract?** Your contract will specify a period of time in which you can cancel your decision to purchase the annuity. Once the rescission period expires, your decision is irrevocable.

(6) **Can the terms of the annuity be changed after the rescission period expires?** You may not make any changes after the rescission period unless your annuity contract explicitly states otherwise. Some contracts allow you to make changes in specific circumstances. For instance, you may make changes to an annuity purchased through the Washington state investment board investment program only as follows:

- (a) If you name someone other than your spouse as the joint annuitant, you may convert to a single life annuity at any

time after your payments begin. This option may only be used once and is irrevocable.

(b) If you marry after purchasing a single life annuity, you may convert to a joint life annuity and name your new spouse as joint annuitant, provided that:

(i) Your monthly annuity payment is not subject to property division pursuant to a dissolution order (definition of dissolution order in RCW 41.50.500 includes orders of legal separation);

(ii) The selection is made during a one-year window on or after the date of the first anniversary and before the second anniversary of your marriage; and

(iii) You provide satisfactory proof of your new marriage and your new spouse's birth date.

**(7) What are the tax consequences of a life annuity?**

(a) You, your joint annuitant or your beneficiary may be liable for federal and/or state taxes on payments from your annuity in the year in which they are received. You will receive an annual statement indicating the taxable portion of your annuity payments.

(b) For a TAP annuity, if you do not submit a tax withholding Form W-4P to the department before your first payment, taxes will be withheld according to Internal Revenue Service requirements, using a filing status of married with three exemptions.

(c) The department does not:

(i) Guarantee that payments should or should not be designated as exempt from federal income tax;

(ii) Guarantee that it was correct in withholding or not withholding taxes from benefit payments to you;

(iii) Represent or guarantee any particular federal or state income, payroll, personal property or other tax consequence because of the department's determination of the taxable status of a distribution; or

(iv) Assume any liability for your compliance with the Internal Revenue Code.

**(8) How do I purchase a life annuity?**

(a) The forms required to purchase an annuity and the applicable directions are available on the department's web site or upon request from the department, and include:

(i) Plan 3 Request for Payment of Defined Contributions Funds Form;

(ii) Plan 3 Annuity Payment Request Form;

(iii) Spousal consent form, if married;

(iv) Proof of your birth date;

(v) Proof of your joint annuitant's birth date, if applicable; and

(vi) Tax withholding Form W-4P.

(b) You may transfer funds from one investment program to the other in order to have sufficient funds in the appropriate investment program to cover the cost of the annuity purchase.

**(9) What if there is an error in my contract?** Carefully examine your contract upon receipt. If there is an error or omission, you must report the error or omission immediately according to the instructions in your contract.

[Statutory Authority: RCW 41.50.050(5), 10-16-086, § 415-111-320, filed 7/30/10, effective 9/1/10. Statutory Authority: RCW 41.50.050(5) and 41.50.088, 05-24-050, § 415-111-320, filed 12/1/05, effective 1/1/06.]

**Chapter 415-112 WAC**

**TEACHERS' RETIREMENT SYSTEM**

**WAC**

415-112-290	May I purchase Plan 1 service credit for out-of-state teaching?
415-112-292	May I purchase TRS Plan 2 or Plan 3 service credit for public education experience gained by teaching out-of-state or for the federal government?
415-112-295	May I use out-of-state teaching service credit to determine eligibility for retirement?

**DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER**

415-112-050	How does the department comply with Internal Revenue Code distribution rules? [Statutory Authority: RCW 41.50.050(5), chapter 41.32 RCW and IRS regulations. 02-14-009, § 415-112-050, filed 6/20/02, effective 7/21/02.] Repealed by 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).
415-112-060	What are the IRS limitations on maximum benefits and maximum contributions? [Statutory Authority: RCW 41.50.050(5), chapter 41.32 RCW and IRS regulations. 02-14-009, § 415-112-060, filed 6/20/02, effective 7/21/02.] Repealed by 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).
415-112-070	Assets for exclusive benefit of members and beneficiaries. [Statutory Authority: RCW 41.50.050(5), chapter 41.32 RCW and IRS regulations. 02-14-009, § 415-112-070, filed 6/20/02, effective 7/21/02.] Repealed by 10-24-099, filed 12/1/10, effective 1/1/11. Statutory Authority: RCW 41.50.050(5).

**WAC 415-112-290 May I purchase Plan 1 service credit for out-of-state teaching?** (1) As a Plan 1 member, you may establish service credit for teaching out-of-state, which includes teaching out of the country, only if:

(a) You were on an official leave of absence granted by your employer when you provided the service; and

(b) You returned to public school service in Washington state.

(2) To establish such service credit, you must submit the following to the department within the time limits set in RCW 41.32.310:

(a) Proof of your out-of-state service;

(b) Proof of your official leave of absence; and

(c) Payment of contributions.

(3) You may establish a maximum of four years of service credit for teaching out-of-state. Except that, you may not qualify for retirement by counting more years of service credit for out-of-state teaching than for Washington state service, unless you established the out-of-state service credit prior to July 2, 1947.

[Statutory Authority: RCW 41.50.050(5), 41.32.065, and 41.32.300, 10-14-112, § 415-112-290, filed 7/7/10, effective 8/7/10. Statutory Authority: RCW 41.50.050(5) and 41.32.300, 05-12-042, § 415-112-290, filed 5/25/05, effective 6/25/05. Statutory Authority: RCW 41.50.050, 99-14-008, § 415-112-290, filed 6/24/99, effective 7/25/99. Statutory Authority: RCW 41.50.050(6) and 41.50.090, 78-03-023 (Order IV), § 415-112-290, filed 2/15/78. Formerly WAC 462-20-055.]

**WAC 415-112-292 May I purchase TRS Plan 2 or Plan 3 service credit for public education experience gained by teaching out-of-state or for the federal government?** If you earned service credit for teaching out-of-state or for the federal government, you may be eligible to purchase that public education experience as TRS service credit. The public education claimed must have been covered by a

retirement or pension plan and must have been as a teacher, as defined by that retirement or pension plan.

(1) **Do I qualify to purchase TRS service credit for public education experience outside of the state of Washington?** You are eligible to purchase service credit under this section if you meet all the following requirements at the time of purchase:

(a) You are employed in a TRS Plan 2 or Plan 3 eligible position;

(b) You have at least two years of TRS service credit;

(c) You earned the education experience service credit by teaching in a public school in another state within the United States or with the United States federal government;

(d) The service was covered by a state, political subdivision of a state, or federal retirement plan;

(e) You are not receiving a benefit from the other system; and

(f) You are not eligible for an unreduced benefit from the other system.

(2) **Do I qualify to purchase public education experience service credit if I am a substitute teacher?** You may purchase service credit under this section if your employer is currently reporting you as an active substitute teacher and you meet the requirements in subsection (1)(b) through (f) of this section.

(3) **If I purchase TRS service credit for public education experience, how may it be used?** The service credit you purchase under this section will be treated the same as service credit you earn in TRS. It will be used in the calculation of your retirement allowance, to qualify for retirement or early retirement, and to meet the Plan 3 ten-year vesting requirement.

(4) **What is the cost of the service credit?** You must pay the actuarial value of the resulting increase in your retirement allowance. The following formula is used to calculate the cost:

$$\text{Average earnings}^1 \times \text{Years of service credit being purchased} \times \text{Factor 1} = \text{Cost}$$

**EXAMPLE:** Will is an active TRS Plan 2 member, age sixty-one, with seventeen years of service credit. If he was eligible to retire, his annual AFC would be \$50,000. He would like to purchase three years and six months of service credit for his public education experience. The cost is calculated as follows:

$$\$50,000 \times 3.5 \times .2151 = \$37,642.50$$

The cost for Will to purchase his service credit is \$37,642.50. Factor 1 from the actuarial table in WAC 415-02-370(3) is .2151. This is determined by finding the difference between Will's age at the time of purchase (sixty-one) and age sixty-five; the difference is forty-eight months (four years). From the table, Factor 1 for forty-eight months is .2151.

(5) **How much TRS service credit may I purchase for out-of-state or federal public education experience?** If you meet the requirements in this section, you may purchase

up to seven years (eighty-four months) of TRS service credit. You may purchase service credit in one-month increments but may not purchase a partial month of service credit.

(6) **May I purchase some service credit now and some at a later date?** No, you may not purchase some service credit now and some at a later date. You have one opportunity to purchase service credit under this section. You may purchase service credit from more than one retirement system provided you purchase it at the same time.

(7) **How do I purchase the service credit?** To purchase TRS Plan 2 or Plan 3 service credit for out-of-state or federal public education experience, you must do the following:

(a) You must complete an application provided by the department.

(i) You must complete, sign, and forward the application to your former retirement system(s).

(ii) Your former retirement system(s) must verify your service credit according to the instructions on the application.

(iii) If you are purchasing service credit from more than one retirement system, each retirement system must verify your service on a separate application.

(iv) Upon receipt of your properly completed application, the department will bill you for the service credit using the formula in subsection (4) of this section; the department will set a due date for the payment.

(b) You must make payment in full by the due date. If your payment is not received by the due date, your bill will become null and void. You may request a new bill from the department at a later date and it will reflect factors in effect at that time.

(i) You may make direct payment with either a personal or cashier's check. It may be possible to transfer funds from another eligible retirement account to pay your bill. However, DRS cannot accept funds in excess of the cost to make your purchase. You are advised to check with the administrator of your account to see if you can transfer those dollars.

(ii) Your employer may, at its option, pay some or all of the cost of the service credit.

(iii) If you are a Plan 2 member, your payment will be placed in your member account.

(iv) If you are a Plan 3 member, fifty percent of your payment will be placed in your defined contribution account and fifty percent will be placed in the trust fund from which your retirement allowance will be paid.

(8) **Do I need to give up my right to a benefit from my previous retirement system for the service credit I purchase in TRS?** No, you do not need to give up your right to a benefit from your previous retirement system for the service credit you purchase in TRS. At the time you purchase TRS service credit, you only need to prove that you are not currently receiving a benefit from your previous system and that you are not currently eligible for an unreduced benefit. Your previous retirement system will be required to verify this information on your application.

(9) **May I purchase public education experience service credit to add to my TRS service credit and also use out-of-state teaching service credit to qualify for early retirement?** Yes, you may purchase public education experience to add to your TRS service credit and/or use out-of-state teaching to qualify for early retirement. However, you may not use the same out-of-state service for both programs.

Please see WAC 415-112-295. For example, if you have seven years of eligible out-of-state service credit, you may purchase five years to increase your TRS service credit and use the remaining two years to qualify for early retirement.

<sup>1</sup>Up to sixty months of service credit will be used in determining your average earnings; for this formula, average earnings is the amount your average final compensation (AFC) would be if you retired on the date of the service credit purchase.

[Statutory Authority: RCW 41.50.050(5), 41.32.065, and 41.32.300. 10-14-112, § 415-112-292, filed 7/7/10, effective 8/7/10.]

**WAC 415-112-295 May I use out-of-state teaching service credit to determine eligibility for retirement? See RCW 41.32.065.**

(1) If you earned service credit in an out-of-state retirement system that covers teachers in public schools and do not purchase that service credit, you may use it to qualify for retirement.

(2) If you use out-of-state service credit to qualify for retirement, your retirement benefit:

(a) Will be based solely on your years of service credit in the Washington teachers' retirement system (TRS); and

(b) Will be actuarially reduced according to the age you would have been eligible to retire if you had not counted your out-of-state service credit.

**Example:** Jane is fifty-eight years old with twenty-four years of TRS Plan 1 service credit. She has one year of service credit in an out-of-state retirement system that covers public school teachers. A TRS Plan 1 member is eligible to retire at age fifty-five with twenty-five years of service credit. Jane may add her twenty-four years of TRS service credit with her one year of out-of-state service credit to qualify for retirement under this provision.

Jane's retirement benefit will be based solely on her twenty-four years of TRS Plan 1 service credit. If she retires at age fifty-eight, her benefit will be reduced by an early retirement factor. The early retirement factor, .8270, is based on the difference between her actual retirement age (age fifty-eight) and the earliest age she could have received an unreduced benefit based on her twenty-four years of TRS service credit (age sixty). Jane's average final compensation (AFC) is \$5,500 and her benefit will be calculated as follows:

2% x years of service credit x AFC x factor

2% x 24 x \$5,500 x .8270 = \$2,183.28

[Statutory Authority: RCW 41.50.050(5), 41.32.065, and 41.32.300. 10-14-112, § 415-112-295, filed 7/7/10, effective 8/7/10. Statutory Authority: RCW 41.50.050(5), 41.32.065. 06-18-006, § 415-112-295, filed 8/24/06, effective 9/24/06.]