

**From:** [Braun, Sen. John](#)  
**To:** [Gutierrez, Aaron](#)  
**Subject:** FW: PRS 3 policy change idea  
**Date:** Tuesday, September 22, 2020 11:58:55 AM

---

Senator Braun would like this included in the formal correspondence for the SCPP.

Thank you,

*Ruth Peterson*

20th District Executive Assistant  
On behalf of **Senator John Braun**  
Office: (360) 786.7638  
Cell: (360) 474-2570  
[Ruth.Peterson@leg.wa.gov](mailto:Ruth.Peterson@leg.wa.gov)



**From:** Chris Wills <fishingchriswills@gmail.com>  
**Sent:** Monday, September 14, 2020 10:57 AM  
**To:** Braun, Sen. John <John.Braun@leg.wa.gov>  
**Subject:** Re: PRS 3 policy change idea

Good Morning Ruth,

I am writing in regards to a subject you and I spoke about last spring. We spoke about it and essentially due to the timing it was too late for any action this year. I will attempt to highlight the issue and my perceived fix to it.

Background: State/County/Etc. employees are offered a choice of which plan they would like and must choose within 90 days of beginning the employee can choose PERS 2 or 3, If no choice is selected you are defaulted into PERS 3 and a 5% contribution for the time you are employed with the agency. For the purpose of the issue below we will focus on the PERS choice. An employee chooses PERS 3 and has the option of 5 different contribution rates when they select Plan 3. The PERS 3 plan is a 401A plan, which as I am sure you are aware is similar in many ways to a 401k.

Issue: PERS 3 plan does not allow an elective change to contribution rates within PERS 3. I am assuming this is due to administrative difficulties in allowing these changes, as I cannot find any IRS or other legal reasons for disallowance while researching this subject. Understanding allowing for change could result in a burden for agency staff it seems prudent to allow for change but do so on a limited basis and with a timeframe that would be prudent in the eyes of the committee tasked with such decisions. I am not advocating for change to be allowed at any time and to be done as many times as desired but the fact it is not allowed seems counter to the desire for Americans to be able

to easily save for their retirements. The quick argument to the above issue will be "just use deferred compensation" which is a great alternative vehicle but brings some challenges with people who are fortunate to already be utilizing this to its potential and has different planning challenges associated with when it is accessible and other differences.

The requirement for me to choose what retirement option would best suit me was difficult at age 27, I was able to make that decision with good information and believe DRS does a good job of educating on the option choices. At the time of selection I chose PERS 3, as it was best in my opinion given my age and what I knew, in selecting this I was forced to decide what I would contribute for an up to 40 plus year career and never make a change assuming I stayed with the employer I started with. Unfortunately, as a 27 year old my finances were not great as I was making 37K a year and had a significant debt load from college. Knowing my financial situation I was unable to choose a very large contribution because there was very little left money remaining after paying bills and student loan debt. Never again would I be allowed to choose a contribution, my choice was B, which is good but knowing now how much it would change the outcome of my savings potential I would have chosen differently.

The issue is, employees are forced to lock in when things are probably going to be at their worst. Any traditional 401k would allow a change at any point, it seems very hard to believe this option does not exist in the state program.

Solution: My proposed solution is to allow changes to be made within the PERS 3 employee contribution portion on a limited basis. Suggestion that once within a 10 year span or something similar that does not burden the administrative side too much but that allows for employees to increase their contribution. Timing could be restricted too, for example allowing only during the month of January similar to open enrollment. There should be no allowance for decreasing in my opinion because of the adverse consequence to both employee and DRS but I think the merits of this could be weighed as well but am assuming there are challenges that would exist with this?

I switched employers this year and honestly the issue above was a reason and benefit to changing. Now at 40 I am capable of contributing to my future in a different way than at 27, by changing employers I gained the ability to contribute more and in turn allowed me to save for my future. I think it is a travesty that a mid 20's person should have to choose a lifetime of contributions, the choice for which plan makes some sense but the choice for contribution does not make sense. I will end with the benefit to the DRS program, anecdotally what I am proposing to change would only help the DRS by increasing the overall value of the portfolio and thus increase revenue generated from fees.

I hope that we can have some dialogue on this subject and that you can take a minute to research this further and ask that you work to make this change.

Chris