



STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS

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December 7, 2009

Select Committee on Pension Policy
Office of State Actuary
P.O. Box 40914
Olympia, WA 98504-0914

Dear Committee Member:

Thank you for your interest in the educational process for new members entering the Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS), and the School Employees' Retirement System (SERS).

The Department of Retirement Systems (DRS) has prepared several tools to assist new members in making a choice between Plan 2 and Plan 3. The most important of these tools is the Plan Choice Booklet. This booklet highlights the plans and details their similarities and differences. It also provides basic information on investment programs available in Plan 3. Deferred Compensation information is included to make members aware of that important program.

The Plan Choice Booklet outlines other tools available on the internet include financial modeling software that allows members to project various scenarios with different contribution rates both within Plan 3 and between Plan 3 and Plan 2. We also offer in person seminars where members can learn about their plan options and investment seminars for those who have already chosen Plan 3 or want that information prior to making a plan choice.

DRS asks participating employers to provide a Plan Choice Booklet to new members. Once members are reported to DRS, we send a letter to their home address reminding them they have only 90 days to make this important retirement choice. After their choice is made, the member receives a letter confirming the choice of Plan 2 or Plan 3. We also contact, through phone calls and letters, those members who choose Plan 3, and make the self investment program choice, but don't make an investment allocation.

I hope this provides you with an adequate overview of the tools and information available to members in making their plan choice. To view any of the tools available, please visit the DRS Web site at <http://WWW.drs.wa.gov>. If you have any additional questions, contact me at the address above, or at cathyc@drs.wa.gov, or call 360-664-7305.

Sincerely,

Cathy Cale
Assistant Director
Retirement Services Division

Plan Choice Booklet

journey to retirement



WASHINGTON STATE

Department of Retirement Systems

JOURNEY TO RETIREMENT PLAN CHOICE BOOKLET

WELCOME TO WASHINGTON STATE PUBLIC SERVICE

As a public employee you are eligible for retirement benefits administered by the Department of Retirement Systems (DRS). You have 90 days to choose between two different pension plans – Plan 2 or Plan 3. Inside this booklet you'll find information, tools and resources that will help you determine your goals for retirement and how to best meet them.

Carefully consider your options. As a newly eligible employee, once you make a choice, you cannot change plans. If you don't make a choice between plans within 90 days of becoming a public employee, you will automatically be placed in Plan 3, and you cannot later decide to become a member of Plan 2.

We understand how busy you are, so there's more than one way to use the information in this booklet. You may choose to:

- Head straight to the chart describing key differences between the plans on pages 4 and 5;
- Go through the step-by-step instructions for evaluating your personal situation beginning on page 14; or
- Skip to the step-by-step instructions for enrollment if you've already made your decision, on page 17.

Some readers of the *Plan Choice Booklet* are here because they're considering a transfer to Plan 3. While new employees must make a plan decision in 90 days, members who were in Plan 2 before Plan 3 started can still decide to transfer to Plan 3 each January. We've provided resources and information for those interested in making a transfer decision. See the step-by-step instructions for transferring from Plan 2 to Plan 3 on page 21.

As a retirement plan member, you can get up-to-date information on the DRS Web site at www.drs.wa.gov. You may also call us at 800-547-6657 between 8:00 a.m. and 5:00 p.m., Monday – Friday or e-mail your questions to recep@drs.wa.gov.

Congratulations on your decision to become a public employee. We look forward to serving your retirement needs.

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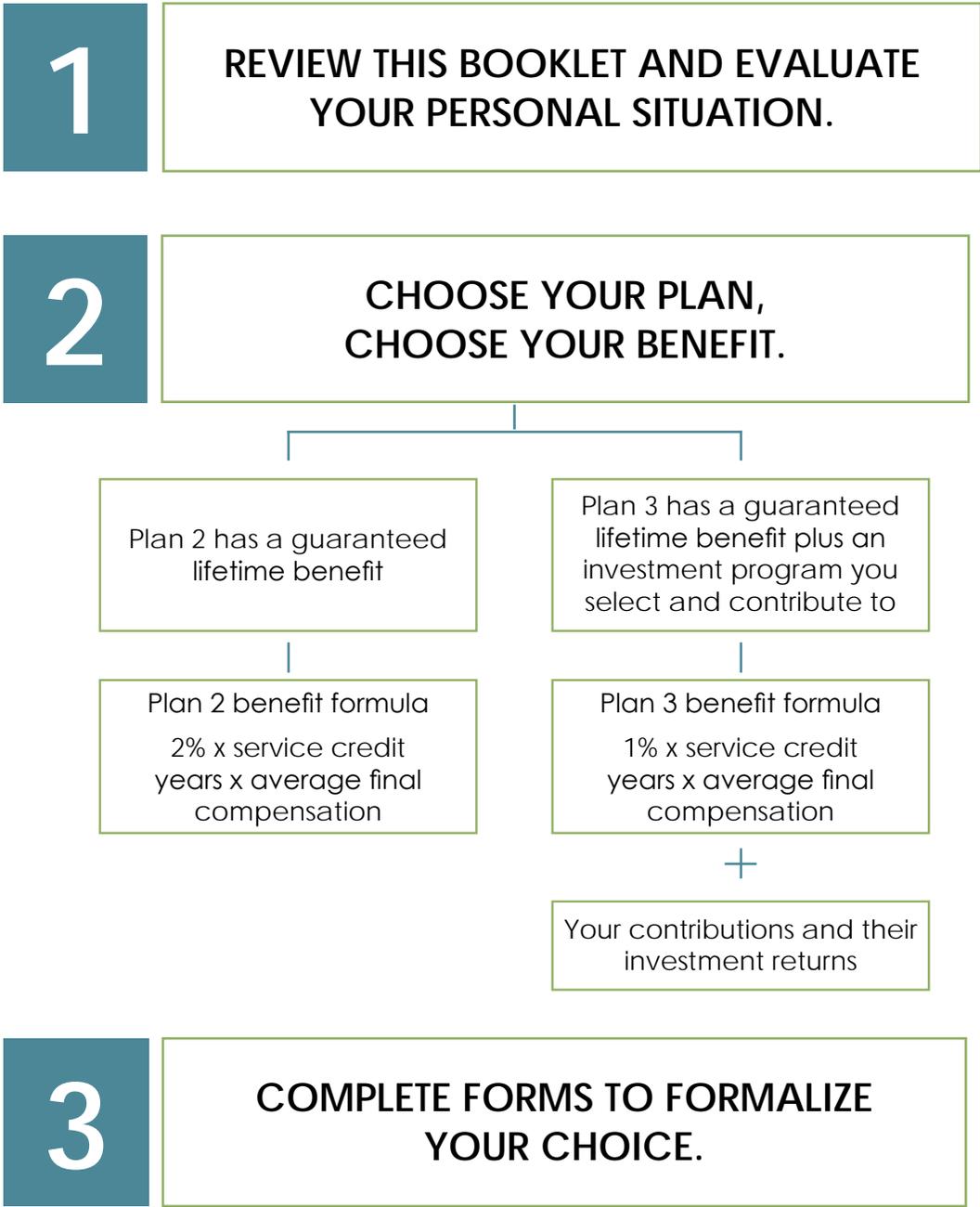
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 This booklet is intended as an educational tool. It is not intended to advise or recommend specific investment strategies. Members making this decision may wish to seek professional financial assistance.

This publication is intended to give you an overview of some features of Plans 2 and 3 for the Public Employees’ Retirement System (PERS), School Employees’ Retirement System (SERS) and Teachers’ Retirement System (TRS). It is not a legal document nor is it a complete description of the law governing these plans. If there are any conflicts between what is written in this booklet and what is contained in the law, the current law will govern.



Although your employer will begin taking Plan 2 contributions, you will default to Plan 3 in 90 days if you do not formalize your choice.

Terms highlighted in this booklet in bold green print appear in the Glossary on page 22.

PLAN 2

PLAN 3

DEFINED BENEFIT

DEFINED BENEFIT

DEFINED CONTRIBUTION

PLAN STRUCTURE

The benefit in **Plan 2** is based on the length of time you've worked, your pay and your age at retirement. You will receive a benefit for the rest of your life. The payments are guaranteed by the State of Washington.

Both you and your employer contribute to your plan.

Part of the benefit in **Plan 3** is based on the length of time you've worked, your pay and your age at retirement. You will receive a benefit for the rest of your life. The payments are guaranteed by the State of Washington.

Your employer contributes to this part of your plan.

The other part of the benefit is based on what you contribute to the plan and how the investments you select perform.

BENEFIT CALCULATION

2% x service credit years x average final compensation = defined benefit

1% x service credit years x average final compensation = defined benefit

Your contributions and investment performance = defined contribution

CONTRIBUTION RATES

Public Employees: 3.90%
School Employees: 3.14%
Teachers: 3.36%

As of September 2009.

The most current rates can always be found on our Web site at www.drs.wa.gov.

Your employer contributes to this part of your benefit; you do not.

You select your rate. You cannot change your rate unless you change employers (see exception on page 9).

- Option A:** 5% all ages
- Option B:** 5% up to age 35
6% ages 35-44
7.5% age 45 and older
- Option C:** 6% up to age 35
7.5% ages 35-44
8.5% age 45 and older
- Option D:** 7% all ages
- Option E:** 10% all ages
- Option F:** 15% all ages

THE ROLE OF INVESTMENTS

Your contributions are invested by the Washington State Investment Board. Your benefit is guaranteed and is not dependent on investment performance.

Your employer contributes to this part of your benefit. Those contributions are invested for you by the Washington State Investment Board. Your benefit is guaranteed and is not dependent on investment performance.

You choose how your contributions will be invested from a range of options provided by the Washington State Investment Board. The amount of your benefit depends on the amount you contribute and the performance of your investments.

VESTING

You earn the right to a retirement benefit when you have 5 years of service credit.

After 10 years of service credit in most cases; or
 After 5 years of service credit, depending on your age and when your service credit was earned.

Vesting does not apply to this part of your benefit. You may withdraw the account balance if you leave employment.

PLAN 2

PLAN 3

DEFINED BENEFIT	DEFINED BENEFIT	DEFINED CONTRIBUTION
ELIGIBILITY FOR NORMAL RETIREMENT		
Age 65 or older with at least 5 service credit years .	Age 65 or older with at least 10 service credit years ; or Age 65 or older, with at least five service credit years if at least 12 of those months were earned after the age of 44. Transfer members have a different retirement eligibility rule. See page 20.	There is no specific age requirement for this part of your benefit. You may access your money at any time after you leave employment.
ELIGIBILITY FOR EARLY RETIREMENT WITH A REDUCED BENEFIT		
Age 55 or older with at least 20 service credit years . There is less of a reduction to your benefit if you have at least 30 service credit years. See page 7.	Age 55 or older with at least 10 service credit years . There is less of a reduction to your benefit if you have at least 30 service credit years. See page 13.	There is no age requirement for this part of your benefit. You may withdraw your money at any time after you leave employment.
LEAVING EMPLOYMENT BEFORE YOU'RE ELIGIBLE TO RETIRE		
Your money can remain in the plan or you can withdraw your contributions and the interest they've earned. However, if you withdraw, you give up your right to a future retirement benefit.	You don't contribute to the defined benefit part of your plan. Your employer makes those contributions and you cannot withdraw those funds.	Your money can remain in the plan or you can access your contributions and investment earnings. A variety of distribution options are available.
COST-OF-LIVING ADJUSTMENTS		
On July 1 of every year after your first full year of retirement, your monthly benefit will be adjusted by the percentage change in the Consumer Price Index, up to a maximum of 3 percent per year.	On July 1 of every year after your first full year of retirement, your monthly benefit will be adjusted by the percentage change in the Consumer Price Index, up to a maximum of 3 percent per year.	There are no Cost-of-Living Adjustments for the defined contribution part of your benefit.
HEALTH CARE COVERAGE IN RETIREMENT		
Health care coverage may be provided by the Public Employee Benefits Board (PEBB). For information, contact PEBB at 360-412-4200 in Olympia, toll free at 800-200-1004 or www.pebb.hca.wa.gov , or contact your current employer.		
To qualify you must elect coverage within 60 days of termination and begin receiving your retirement benefit as soon as you leave employment. If you delay receiving your retirement benefit, you will not be eligible for health care coverage under PEBB.	To qualify you must elect coverage within 60 days of termination. As long as you meet the age and service requirements of the plan (age 55 or older, with 10 or more years of service credit) you can delay receiving your retirement benefit and still be eligible for PEBB coverage.	Leaving your contributions in the plan or starting to draw them does not impact your eligibility for health care coverage under PEBB.

INSIGHT INTO PLAN 2

Plan 2 has one part – a two-percent **defined benefit** plan. You and your employer contribute to your plan, but your benefit does not depend on the amount of the contributions.

A TWO-PERCENT DEFINED BENEFIT PLAN

Once you meet age and service requirements and you've applied for retirement, you will receive a guaranteed monthly benefit for your lifetime. Your benefit is based on your years of service credit and the pay you've earned. Payments are guaranteed by the State of Washington.

The two-percent defined benefit formula used to calculate your retirement is:

$$2\% \times \text{service credit years} \times \text{average final compensation}$$

HOW IT WORKS

If you worked full time every month for 15 years and your average pay for your highest consecutive five years was \$4,000, your benefit would be \$1,200.

$$2\% \times 15 \text{ service credit years} \times \$4,000 \text{ average final compensation} = \$1,200 \text{ monthly retirement benefit}$$

Quick Facts:

Important deadline: Your plan choice is permanent. If you don't choose a plan within 90 days, you will default into Plan 3. Whether you choose your plan, or you're defaulted into Plan 3, you can't change later.

A two-percent defined benefit is a guaranteed pension for Plan 2 members based on your service credit and pay. The amount you and your employer contribute does not determine your retirement benefit.

Definitions:

Average Final Compensation (AFC) is the monthly average of your 60 consecutive highest paid service credit months.

Service Credit Years (SCY) are calculated by dividing your total service credit months by 12.

Both AFC and SCY are used to determine your benefit when you retire.

CONTRIBUTION RATES

Plan 2 is funded by mandatory contributions made by both you and your employer and invested by the Washington State Investment Board. Member contributions are deducted from your paychecks and you can see your deducted contributions on your pay stub. Contribution rates change over time, based on funding needs of the plan.

PLAN 2 MANDATORY MEMBER CONTRIBUTION RATES AS OF SEPTEMBER 2009	
Public Employees' Plan 2	3.90%
School Employees' Plan 2	3.14%
Teachers' Plan 2	3.36%

Public Employees' rates typically change in July. School Employees' and Teachers' rates typically change in September. You can find up-to-date member contribution rate information on our Web site at www.drs.wa.gov.

RETIREMENT – AGE AND SERVICE CREDIT REQUIREMENTS

Retirement with a full benefit – age 65 with at least five years of service credit

If you take a **normal retirement** you will receive a full benefit.

Early retirement with a reduced benefit – ages 55 to 64 with at least 20 years of service credit

Your retirement is reduced because you're younger when you take an **early retirement**, and you'll be receiving it over a longer period of time than you would a normal retirement. To retire early you must have at least 20 years of service credit and be age 55 to 64.

The amount of your reduction depends on:

- The amount of service credit you have; and
- How much younger than 65 you are when you retire.

Early retirement with a full benefit – ages 62 to 64 with at least 30 years of service credit

There's one early retirement you may qualify for and still receive a full benefit. To receive an early retirement with a full benefit, you must have at least 30 years of service credit and be age 62 to 64.

Leaving employment before you're eligible to retire

Your plan is designed to provide you with a source of income throughout your retirement. For this reason, you may not borrow from or against your contributions at any time.

It is possible to withdraw your contributions and the **interest** they've earned at any time after you leave public service. However, if you do, you give up your right to a future retirement benefit. You may not withdraw your employer's contributions under any circumstances.

Quick Facts:

Your age counts: If you are 55 with 20 years of service credit you will have a greater reduction in your pension than you will if you are 64 with 20 years of service credit.

When you leave employment without starting to receive a retirement benefit, you can leave your money in the plan and it will continue to earn interest. If you have five years of service credit, you are **vested** in the plan. Then, once you turn 65 you can retire and receive a **full retirement** benefit.

If you withdraw your contributions and later return to public service, you may be able to purchase your withdrawn service credit. See the brochure, *Plan 2 Recovery of Withdrawn or Optional Service Credit* on the DRS Web site. Or call us at 360-664-7000 or 1-800-547-6657 toll-free, to request a copy.

INSIGHT INTO PLAN 3

Plan 3 has two parts – a **defined benefit** part and a **defined contribution** part. Your employer contributes to your defined benefit part. You contribute to the defined contribution part. You choose your investment program and contribution rate for the defined contribution part of your plan. Once chosen, your defined contribution rate is permanent unless you change public sector employers.

Quick Facts:

Important deadline: Your plan choice is permanent. If you don't choose a plan within 90 days, you will default into Plan 3. Whether you choose your plan, or you're defaulted into Plan 3, you can't change later.

A one-percent defined benefit is a guaranteed pension for Plan 3 members based on your service credit and pay. The amount your employer contributes does not determine your retirement benefit.

Definitions:

Average Final Compensation (AFC) is the monthly average of your 60 consecutive highest paid service credit months.

Service Credit Years (SCY) are calculated by dividing your total service credit months by 12.

Both AFC and SCY are used to determine your benefit when you retire.

A ONE-PERCENT DEFINED BENEFIT PLAN

Once you meet age and service requirements and you've applied for retirement, you will receive a guaranteed monthly benefit for your lifetime. Your benefit is based on your years of service credit and the pay you've earned. Payments are guaranteed by the State of Washington.

The one-percent defined benefit formula used to calculate your retirement is:

$$1\% \times \text{service credit years} \times \text{average final compensation}$$

HOW IT WORKS

If you worked full time every month for 15 years and your average pay for your highest consecutive five years was \$4,000, your benefit would be \$600.

$$1\% \times 15 \text{ service credit years} \times \$4,000 \text{ average final compensation} = \$600 \text{ monthly retirement benefit}$$

CONTRIBUTION RATES

The **defined benefit** part of Plan 3 is funded by mandatory contributions made by your employer and invested by the Washington State Investment Board. The one-percent defined benefit part of your plan is guaranteed and is not dependent on investment performance. Employer contribution rates change over time, based on funding needs of the plan.

A DEFINED CONTRIBUTION PLAN

The **defined contribution** part of Plan 3 is funded by the mandatory contributions you make. You choose how much to contribute from one of these six rate options:

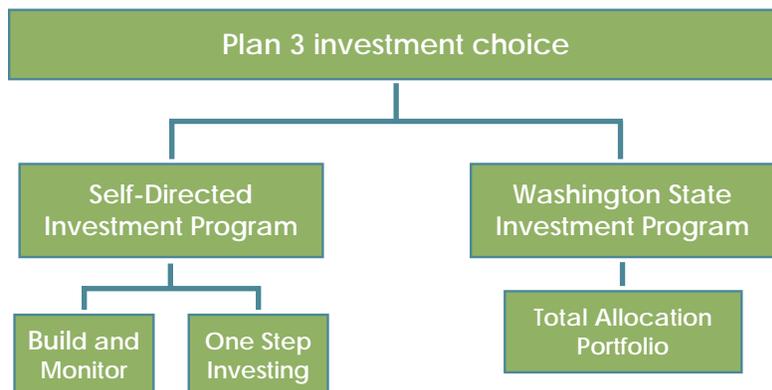
PLAN 3 MANDATORY MEMBER CONTRIBUTION RATES
Option A: 5% all ages
Option B: 5% up to age 35; 6% ages 35 through 44; or 7.5% age 45 and older
Option C: 6% up to age 35; 7.5% ages 35 through 44; or 8.5% age 45 and older
Option D: 7% all ages
Option E: 10% all ages
Option F: 15% all ages
If you don't choose a contribution rate, the mandatory default rate will be chosen for you: Option A: 5% all ages.

Public and School Employees: Once you choose or are defaulted to a rate, you can change it only when you change public sector employers. Changing means working for a different public sector employer, not another division or department where you currently work.

Teachers: Once you choose or are defaulted to a rate, you can only change it when you change public sector employers or during your **contribution rate flexibility period** each January, subject to continued approval by the Internal Revenue Service.

INVESTMENT PROGRAMS

The **defined contribution** part of Plan 3 offers you the choice between two investment programs: The Self-Directed Investment Program and the Washington State Investment Program.



1) The Self-Directed Investment Program

If you choose the Self-Directed Investment Program, there are two different approaches you can take. One is the Build and Monitor approach and the other is One-Step Investing.

BUILD AND MONITOR – YOU SELECT, MONITOR AND ADJUST YOUR INVESTMENTS

With Build and Monitor, you select your own mix of individual funds and decide how much to invest in each one. You choose from a menu of professionally-managed funds listed in the chart below. The **risk** and **return** profiles of the funds range from low to high. You are responsible for monitoring your investments and making changes as you get closer to retirement.

BUILD AND MONITOR FUNDS
Money Market
Washington State Bond
Socially Responsible Balanced
U.S. Large Stock Index
U.S. Stock Market Index
U.S. Small Stock Index
International Stock Index

ONE-STEP INVESTING – YOUR INVESTMENTS ARE AUTOMATICALLY ADJUSTED FOR YOU

The One-Step Investing approach is made up of 11 Retirement Strategy Funds. Each one is diversified and **automatically rebalances**, adjusting your **asset mix** as you move toward a **target date** that meets your needs and lifestyle.

To select the Retirement Strategy Fund that's right for you, take the year you were born and add it to the age you expect to retire or withdraw your funds. The sum is your target date.

HOW IT WORKS

$$1968 \text{ (birth year)} + 65 \text{ (retirement age)} = 2033 \text{ (target date)}$$

Pick the fund with the date closest to your target date (in our example above, 2035 would be the target date):

RETIREMENT STRATEGY FUNDS	
2050	2020
2045	2015
2040	2010
2035	2005
2030	2000
2025	

DEFAULTING

Your total investment allocations should equal 100 percent. If the total of the allocations you select on your *Plan 3 Self-Directed Investment Allocation Form* (see page 29) is greater than 100 percent, then the total will be invested in the Retirement Strategy Fund as if you are age 65 today. If the total of your allocations is less than 100 percent, the difference will be invested in the Retirement Strategy Fund as if you are age 65 today. Also, if you choose the Self-Directed Investment Program and do not set up an investment allocation, your contributions will be invested in the Retirement Strategy Fund as if you are age 65 today.

2) The WSIB Investment Program

If you choose to have your contributions directed to the Washington State Investment Board (WSIB) Investment Program, they will be invested in the WSIB's **Total Allocation Portfolio (TAP)**. A monthly valued fund, the TAP is a diversified **portfolio** of U.S. and international stocks, bonds, private equity and real estate investments.

RETIREMENT – AGE AND SERVICE CREDIT REQUIREMENTS

Retirement with a full benefit – age 65

If you have at least 10 years of service credit and you're age 65, you can retire with a full benefit.

If you have at least five years of service credit, you can retire at age 65 with a full benefit if you earned at least one of your five years of service credit after age 44.

HOW IT WORKS

You're age 47 and you have five years of service credit. You earned three years of service credit after the age of 44. You choose to leave public service and begin drawing from the **defined contribution** part of your plan. You delay receiving your **defined benefit** until age 65.

Because you have earned at least one year of service credit after age 44, you can retire with a full benefit at age 65 even though you only have five years of service credit.

Transfer members have a different eligibility requirement. Please see page 20.

Quick Facts:

Your age counts: If you are 55 with 20 years of service credit you will have a greater reduction in your pension than you will if you are 64 with 20 years of service credit.

In the defined benefit part of Plan 3 if you have at least 20 years of service credit, and you separate from service, your benefit increases approximately three percent per year that you delay receiving benefits until age 65.

Early retirement with a reduced benefit – ages 55 to 64 with at least 10 years of service credit

Your retirement is reduced because you're younger when you take an early retirement, and you'll be receiving it over a longer period of time than you would a normal retirement. To retire early you must have at least 10 years of service credit and be age 55 to 64.

The amount of your reduction depends on:

- The amount of service credit you have; and
- How much younger than 65 you are when you retire.

Early retirement with a full benefit – ages 62 to 64 with at least 30 years of service credit

If you have at least 30 years of service credit and are age 62 to 64, you may qualify for an early retirement with a full benefit.

Leaving employment before you're eligible to retire

The **defined benefit** part of your plan is designed to provide you with a source of income throughout your retirement. For this reason, you can't withdraw the contributions your employer makes to this part of your plan.

If you have at least 20 years of service credit when you leave employment and do not start to receive your defined benefit, your defined benefit will increase by approximately three percent for each year you delay receiving it up to age 65. If you have 10 years of service credit, you are vested in the plan. Once you turn 65 you can retire and receive a full retirement benefit. For an exception to this rule, see "Retirement with a full benefit" on the previous page.

As a Plan 3 member, it is possible to withdraw your contributions and investment earnings from your defined contribution part at any time after you leave public service. However, if you do, you may reduce an important source of your retirement income.

Quick Fact:

As a Plan 3 member, you're eligible for your defined benefit after you meet the age and service credit requirements – regardless of whether or not you've withdrawn money from the defined contribution part.

EVALUATING YOUR PERSONAL SITUATION

WHAT TO CONSIDER BEFORE CHOOSING A PLAN

What kind of retirement do you want? There are a number of things you should consider before choosing a plan. Think about the type of person you are, how much time you have until retirement and how involved you want to be in managing your investments.

Use the checklist below to select the plan elements that best fit your needs.

CHOOSE YOUR BENEFITS, CHOOSE YOUR PLAN	
PLAN 2	PLAN 3
<input type="checkbox"/> A plan that's managed for you	<input type="checkbox"/> A plan with two parts One that's managed for you and one you manage yourself
<input type="checkbox"/> No personal investments	<input type="checkbox"/> Choose your personal investments
<input type="checkbox"/> One predetermined contribution rate that may vary over time	<input type="checkbox"/> Choose from six different contribution rates
<input type="checkbox"/> Earliest you can retire 20 service credit years at age 55	<input type="checkbox"/> Earliest you can retire 10 service credit years at age 55
<input type="checkbox"/> Health insurance in retirement Must begin receiving your retirement benefit as soon as you leave employment or you will forfeit PEBB coverage	<input type="checkbox"/> Health insurance in retirement You can delay receiving your retirement benefit and still be eligible for PEBB coverage

How do you decide which plan is best for you? Several resources are available to help you decide. You may need to use one or more of these to make your plan choice decision while considering your own financial situation.

FINANCIAL MODELING SOFTWARE

You can compare the projected retirement benefits for Plan 2 and Plan 3 using different contribution rate options and expected rates of investment **return**. You can also use factors such as **early retirement** and delayed benefits to compare your projections. Financial modeling software can be found at ecalc.icmarc.org/nextjan.

FREE PLAN CHOICE AND PLAN 3 EDUCATION SEMINARS

The Plan Choice seminar goes over the similarities and differences between Plan 2 and Plan 3 to assist you in making your decision.

The Getting to Know Plan 3 seminar provides an overview of Plan 3, as well as the contribution rate and investment option decisions you'll need to make if you decide to join Plan 3.

A schedule of seminars can be found at www.icmarc.org/plan3.

ONLINE BENEFIT ESTIMATORS

Calculate your future retirement benefit using Self-Estimate Worksheets on the DRS Web site at www.drs.wa.gov. You can run a variety of retirement scenarios to see what will work best for you.

PHONE SUPPORT CENTER AND E-MAIL FOR QUESTIONS

You can call 800-547-6657 between 8:00 a.m. and 5:00 p.m., Monday – Friday to speak with a representative who can assist you.

You can also e-mail your questions to recep@drs.wa.gov.

Other sources of retirement income

As you’re deciding on whether to join Plan 2 or Plan 3, consider all other sources of retirement income. Do you qualify for Social Security benefits? Do you have savings in other retirement plans from past employers? Do you have an IRA? Gather the information on your other sources of retirement income and determine what your projected monthly benefit will be. A standard practice for estimating retirement income needs is to use 80 percent of your income five to 10 years before you retire. Use this estimate and the projected monthly benefit of your other sources of income to help determine whether you should join Plan 2 or Plan 3.

If you’ve discovered in your projection that you’ll need more income in retirement, consider joining the Washington State Deferred Compensation Program (DCP). DCP is a supplemental retirement savings program that offers you the opportunity to invest money toward securing the retirement you envision. Whether you’ve been saving for years, or are just getting started, DCP offers you an excellent opportunity to enhance your financial future. Check with your employer to find out if they offer DCP. Tell your employer you want DCP if it’s not already available to you.

If you are participating in other tax-deferred plans your employer may offer, your Plan 3 contributions may limit your ability to contribute to these plans. Consult the IRS and/or a tax adviser for more information.

HOW TO JOIN THE PLAN THAT’S RIGHT FOR YOU

Now that you’ve made your decision, go to the step-by-step instructions for enrolling in either Plan 2 or Plan 3 beginning on the next page. It’s important to remember that if you don’t turn your forms in within 90 days of becoming a public employee, you will default into Plan 3.

FORMS TO COMPLETE	
PLAN 2	PLAN 3
<input type="checkbox"/> Member Information Form	<input type="checkbox"/> Member Information Form
<input type="checkbox"/> Beneficiary Designation	<input type="checkbox"/> Beneficiary Designation
	<input type="checkbox"/> Plan 3 Self-Directed Investment Allocation Form

Quick Fact:

You can also learn more about the Deferred Compensation Program at www.drs.wa.gov/dcp.

IF YOU DECIDE TO JOIN PLAN 2

1. Turn to page 25, tear out the *Member Information Form* and complete. Return the completed form to your employer. This will ensure your employer takes the correct contributions from your pay and reports you in the correct plan. After your employer forwards the form to us, you will receive a letter confirming your decision to join Plan 2.
2. Turn to page 27 and tear out the *Beneficiary Designation*. Follow the instructions. Return the completed form to DRS.

IF YOU DECIDE TO JOIN PLAN 3

1. Turn to page 25, tear out the *Member Information Form* and complete. In Section 3, you must select a contribution rate (see “Choosing a contribution rate” below. In Section 4 you must select an investment program (see “Deciding on an investment program” on page 19).
2. Return the completed form to your employer. This will ensure your employer takes the correct contributions from your pay and reports you in the correct plan. After your employer forwards the form to us, you will receive a letter confirming your decision to join Plan 3.
3. If you select the Self-Directed Investment Program, you must choose your investments. You can do this by completing the *Plan 3 Self-Directed Investment Allocation Form* on page 29. Mail the completed form to ICMA-RC. You will receive a confirmation letter when the transaction has been completed.

Or, after receiving your confirmation letter, you may allocate your investments by calling ICMA-RC at 888-711-8773 or going to the Web site at www.icmarc.org/plan3.

4. Turn to page 27 and tear out the *Beneficiary Designation*. Follow the instructions. Return the completed form to DRS.

CHOOSING A CONTRIBUTION RATE

Ideally, you want to make your choice based on three considerations: retirement income needs, years until retirement and current budget. Remember, you can only change your contribution rate under certain circumstances. See page 9.

To come up with a target retirement income, it's standard practice to estimate 80 percent of what you believe your income will be five to 10 years before you retire.

HOW IT WORKS

If you believe you'll be making \$50,000 annually by the time you're ready to retire, you might estimate needing \$40,000 per year to maintain your standard of living in retirement ($\$50,000 \times 80\% = \$40,000$).

There are tools available to help you determine the impact and benefits of different contribution rates.

- **Take-Home Pay Estimator** – Estimates the effect of the six contribution rates on your take-home pay at www.icmarc.org/plan3.
- **Disbursement Calculator** – Estimates what an ending account balance will pay monthly during retirement, given an estimated growth rate and your contributions to the plan at www.icmarc.org/plan3.
- **Benefit Estimator** – Estimate your **defined benefit**, using Self-Estimate Worksheets at www.drs.wa.gov.

Here's one way you might use these tools:

- Estimate your salary at retirement. You may want to have both a high and low estimate.
- Use the Self-Estimate Worksheets to create an estimate of the defined benefit (guaranteed) portion of your account.
- Use the disbursement calculator at www.icmarc.org/plan3 to estimate your **defined contribution** payment.

Do the defined benefit and the defined contribution equal 80 percent of your estimated salary at retirement? If it's less than 80 percent, consider:

- Choosing a higher contribution rate (use the take-home pay estimator at www.icmarc.org/plan3 to see the effect of different rates on your current budget).
- Starting a voluntary retirement or personal investment account to make up the difference, such as the state's Deferred Compensation Program (DCP) at www.drs.wa.gov/dcp. You can join for as little as \$30 per month, increase or stop your deferrals whenever you choose, and help build your retirement portfolio.

DECIDING ON AN INVESTMENT PROGRAM

WSIB TAP

If you choose to have your contributions directed to the Washington State Investment Board Investment Program, they will be invested in the WSIB's **Total Allocation Portfolio** (TAP). A monthly valued fund, the TAP is a diversified **portfolio** of U.S. and international stocks, bonds, private equity and real estate investments.

Self-Directed Investment Program

Within the Self-Directed Program, you have the choice of two different approaches. To determine which one might be right for you, ask yourself these questions:

- “Do I have the desire to select my own mix of individual funds?”
- “Am I comfortable deciding how much to invest in each fund?”
- “Do I have the time to keep an eye on my investments and make changes as I get closer to retirement?”

If the answer to any of these questions is “yes,” you may be interested in the Build and Monitor approach to investing. If the answer to any of these questions is “no,” you may be interested in the One-Step Investing approach.

If you choose from the seven investment funds as part of the Build and Monitor approach to investing, you will be responsible for monitoring your account balances and periodically rebalancing if necessary to maintain your investment objectives.

The One-Step Investing approach is designed for those who answered “no” to any of the questions above. If you find you don't have the desire, comfort level and/or time to select your own mix of funds, monitor them and make changes, allocating your investments to a Retirement Strategy Fund may be right for you.

More information on both WSIB's TAP program and the Self-Directed Investment Program is available in the *Plan 3 Investment Guide* at www.icmarc.org/plan3.

IF YOU DECIDE TO TRANSFER FROM PLAN 2 TO PLAN 3

Some Plan 2 members have the opportunity to transfer to Plan 3 every January. These are members who were in Plan 2 before the creation of Plan 3 in their retirement system.

To find out if you can transfer, you need to know when you were hired.

SYSTEM	WHEN WERE YOU HIRED?
PERS	<ul style="list-style-type: none"> • Before March 1, 2002 for state agencies and higher education employers; or • Before September 1, 2002 for local government employers.
SERS	<ul style="list-style-type: none"> • Before July 1, 2007; or • After July 1, 2007 and before August 1, 2009 if you have past PERS Plan 2 service.
TRS	<ul style="list-style-type: none"> • Before July 1, 2007

If you were hired under the dates listed above, you qualify to transfer.

To complete your transfer to Plan 3, you must be working and:

- Earn service credit during the January in which you transfer, and
- Complete your *Member Information Form* and turn it into your employer by January 31.

Once you transfer to Plan 3, you cannot go back to Plan 2.

RETIREMENT ELIGIBILITY FOR TRANSFER MEMBERS

In addition to the retirement eligibility described on page 12, transfer members with five years of service credit can retire at age 65 under the following circumstances:

- PERS: service credit earned before June 1, 2003.
- SERS: service credit earned before September 1, 2000.
- TRS: service credit earned before July 1, 1996.

Steps to complete the transfer

1. Turn to page 25, tear out the *Member Information Form* and complete. In Section 2, be sure to complete B as a transfer member. In Section 3, you must select a contribution rate. See “Choosing a contribution rate” on page 17 to help you make your decision. In Section 4, you must choose an investment program. Read the “Deciding on an investment program” section on page 19 to help you make your decision. Return the completed form to your employer.
2. If you select the Self-Directed Investment Program, you must choose your investments. You can do this by completing the *Plan 3 Self-Directed Investment Allocation Form* on page 29. Mail the completed form to ICMA-RC. You will receive a confirmation letter when the transaction has been completed.

Or, after receiving your confirmation letter, you may allocate your investments by calling ICMA-RC at 888-711-8773 or going to the Web site at www.icmarc.org/plan3.
3. To ensure your beneficiary designation is up-to-date, complete the form provided on page 27 and return to DRS.

GLOSSARY

Asset mix: An investment portfolio that is invested in any combination of the three major classes of assets: (1) cash and equivalents, (2) fixed income instruments (bonds) and, (3) equity instruments (common stocks or ordinary shares).

Automatic rebalancing: For Plan 3 members who choose One-Step Investing, a feature that adjusts your asset mix as you move toward a target date that meets your needs and lifestyle.

Average final compensation: The monthly average of your 60 highest paid consecutive service credit months.

Contribution rate flexibility period: For Plan 3 teachers, the period each January when you may change your Plan 3 contribution rate. The IRS may change or eliminate rate flexibility at any time.

Cost-of-Living Adjustment: In Plan 2 and in the defined benefit part of Plan 3, on July 1 of every year following your first full year of retirement, your monthly benefit is adjusted by the percentage change in the Consumer Price Index, to a maximum of three percent per year. This percentage change can increase or decrease your benefit.

Defined benefit: A predetermined retirement benefit, also called a pension plan.

- For Plan 2, your defined benefit equals: 2 percent x your years of service credit x your average final compensation. Both you and your employer make contributions to your defined benefit.
- For Plan 3, your defined benefit equals: 1 percent x your years of service credit x your average final compensation. Your employer makes contributions to the defined benefit part of your plan.

Defined contribution: For Plan 3 members, an amount based on your contributions and the performance of the investments you choose. Investment returns (both gains and losses) are applied to your account.

Early retirement: In most cases, if you retire before age 65, your benefit is reduced to reflect the fact that you will receive it over a longer period of time. The amount of the reduction depends on how much younger than age 65 you are when you retire and the amount of service credit you have.

Full retirement: For all members, a retirement benefit that is not reduced to reflect that you retired from public service earlier than age 65, or in some cases, ages 62 to 64.

Interest: An amount that your contributions earn. Also called interest rate.

Lump sum payment: A single payment to you for the total amount due.

Normal retirement: The age you're entitled to receive a full retirement benefit.

Pension: Your retirement benefit.

Portfolio: A collection of investments.

Public sector employer: Government businesses (school districts, state agencies, cities, counties, etc.)

Public service: Governmental employment.

Return: A measure of how your investments perform. Returns consist of interest, dividends and gains or losses in the value of the principal. Your investment returns can be positive or negative.

Risk: The probability that an investment will lose value or fail to gain in value.

Service credit months for Public Employees:

Members earn:

- One month of service credit for each calendar month they were paid for 90 hours or more.
- One half of a service credit for any calendar month they were paid for fewer than 90 but at least 70 hours.
- One quarter of a service credit for any calendar month they were paid for fewer than 70 hours in a calendar month.

Members cannot earn more than one service credit during one calendar month.

Service credit months for Teachers and School

Employees: Members earn 12 months of service credit for each school year (these are the nine months from September 1 through August 31). To earn the service credit, the member must:

- Begin work in September;
- Work at least nine months of the school year; and
- Be paid for at least 810 hours.

To earn six service credit months for a school year, the member must:

- Begin working in September;
- Work at least nine months of the school year; and
- Be paid for at least 630 hours but fewer than 810 hours.

Beginning with the 2008/2009 school year, to earn six service credit months for a school year, the member must:

- Work at least five months within a six-month period; and
- Be paid for at least 630 hours.

If a member does not meet any of the other service credit requirements, service credit will be determined as follows:

- One service credit month for any calendar month the member is paid for at least 90 hours.
- One half of a service credit month for any calendar month the member is paid for fewer than 90 but at least 70 hours.
- One quarter of a service credit month for fewer than 70 hours in a calendar month.

Service credit years: We calculate your service credit years by dividing your total service credit months by 12 (12 months equals one year of service credit).

Target date: The year you plan to retire or begin receiving money from your Plan 3 account.

Total Allocation Portfolio: An investment program that is determined, managed and continuously rebalanced by the Washington State Investment Board. For Plan 3 members, if you do not select an investment program, your contributions will be directed here.

Vesting: The point at which you have earned a defined benefit. Plan 2 members are vested after earning five years of service credit. In Plan 3, you are vested after 10 years of service credit in most cases; or after five years of service credit, depending on your age and when your service credit was earned. However, you have no vesting requirements for the defined contribution part of your benefit and may take distributions at any time after you leave public employment.



MEMBER INFORMATION FORM

Return completed form to your employer.

For plan, contribution rate and investment program selection

New members*

Choosing Plan 2 - Complete Sections 1 and 2A
 Choosing Plan 3 - Complete Sections 1, 2A, 3 and 4 and submit to your employer within 90 days of your date of hire

Members transferring from Plan 2 to Plan 3

Complete Sections 1, 2B, 3 and 4

Returning Plan 3 members

Complete Sections 1, 3 and 4 and submit to your employer within 90 calendar days of your date of hire

Check One:

- TRS = Teachers' Retirement System
- SERS = School Employees' Retirement System
- PERS = Public Employees' Retirement System

SECTION 1: Personal Data – To Be Completed by All Members

Name (Last, First, Middle)	Social Security Number
Maiden Name	

SECTION 2: Retirement Plan Selection

Complete either A or B below.

A) To be completed by new members.*

Choose One:

- Plan 2
- Plan 3 (requires completing sections 3 and 4 on back)

I certify that I have chosen the retirement plan marked above. I understand that my retirement plan selection is **irrevocable**.

Member Signature (required)
Date

Please sign and date this form on the day that you **submit it to your employer**. Note: You will be assigned to Plan 3 if your employer has not received your plan selection within 90 calendar days from your date of hire.

**New member - TRS members who first become employed in an eligible position on or after July 1, 2007. SERS members without prior service in PERS Plan 2 who were hired from July 1, 2007 through July 31, 2009; or SERS members who first become employed in an eligible position on or after August 1, 2009. PERS members who first become employed in an eligible position on or after March 1, 2002, at a higher education or state agency employer; or who first become employed in an eligible position on or after September 1, 2002, at a local government employer.*

B) To be completed by any Plan 2 member eligible to transfer to Plan 3.

I certify that I have chosen to transfer from Plan 2 to Plan 3. I understand that my selection of Plan 3 is **irrevocable**. I have provided the information requested in Sections 3 and 4 on the back of this form.

Member Signature (required)
Date

Please sign and date this form on the day that you **submit it to your employer**.

SECTION 3: Selection of Contribution Rate – To Be Completed by All Plan 3 Members

Place a check mark in the box next to the contribution rate option you choose. If you do not select an option within 90 days, your default will be Option A. Once established by selection or default, you may only change your contribution rate option when you change employers. The only exception is that the IRS currently allows TRS Plan 3 members to change their rate option each January. The IRS could end rate change options at any time.

		Base Rate	Additional Rate	Total Member Contribution Rate
<input type="checkbox"/> Option A	All ages	5.0%	0.0%	5.0%
<input type="checkbox"/> Option B	Up to Age 35	5.0%	0.0%	5.0%
	Age 35 to 44	5.0%	1.0%	6.0%
	Age 45 and above	5.0%	2.5%	7.5%
<input type="checkbox"/> Option C	Up to age 35	5.0%	1.0%	6.0%
	Age 35 to 44	5.0%	2.5%	7.5%
	Age 45 and above	5.0%	3.5%	8.5%
<input type="checkbox"/> Option D	All ages	5.0%	2.0%	7.0%
<input type="checkbox"/> Option E	All ages	5.0%	5.0%	10.0%
<input type="checkbox"/> Option F	All ages	5.0%	10.0%	15.0%
Member Signature (required)			Date	

SECTION 4: Selection of Investment Program – To Be Completed by All Plan 3 Members

Place a check mark in the box next to the investment program you choose. If you do not choose an investment program, your contributions will be reported into the Washington State Investment Board (WSIB) Investment Program:

- Washington State Investment Board (WSIB) Investment Program.**
- Self-Directed Investment Program.** You must choose how your contributions will be invested. You may do so online at <http://www.icmarc.org/plan3>, by phone at 1-888-711-8773 or with a Plan 3 Self-Directed Investment Allocation form.
As of October 6, 2008, if you do not make a choice your contributions will be invested in the 2010 Retirement Strategy Fund.

You can obtain information about both investment programs by contacting ICMA-RC toll-free at 1-888-711-8773.

Member Signature (required)	Date
-----------------------------	------

RETURN COMPLETED FORM TO YOUR EMPLOYER.

SECTION 5: To Be Completed by Employer

Print or type employer name and mailing address below:	<table border="1"> <tr> <td style="width: 20px; height: 20px;"></td> </tr> </table>						
Reporting Group							
<p>Employers: Mail the original of this document to DRS only if Section 2 was required.</p> <p>Department of Retirement Systems PO Box 48380 Olympia WA 98504-8380 Toll Free: 1-800-547-6657 Local: 360-664-7000</p>							

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

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

Beneficiary Designation

Check one: PERS SERS TRS PSERS LEOFF WSPRS JRS

Instructions: Please type or print in dark ink and return completed form to DRS. Use this form to designate or change your beneficiary(ies) with the retirement system indicated above. The designated beneficiary(ies) will receive any monies due at the time of your death. If you have money in more than one retirement system, you must complete a separate form for each system.

If you are a survivor of a retiree, please list the retiree's name and Social Security number.

Retiree's Last name	First name	Middle name	Retiree's Social Security number
---------------------	------------	-------------	----------------------------------

Section One: Member/Retiree/Survivor Information

Last name	First name	Middle name	Social Security number
Mailing address		City	State Zip
Telephone number (daytime)	Telephone number (evening)	Are you retired with DRS? <input type="checkbox"/> Yes <input type="checkbox"/> No	

Section Two: Beneficiary Designation – You must designate at least one primary beneficiary.

Your designated primary and contingent beneficiary(ies) may be a person(s), estate, trust, or organization. If a trust is named, the legal documentation must be submitted with this form. For each beneficiary, check whether you wish to make that person or entity a primary or contingent beneficiary. When naming a person, always show given names. For example: MARY K. DOE (not Mrs. Robert Doe).

You may designate more than one beneficiary. If you do, the funds will be divided equally among all named beneficiaries unless otherwise specified or required by law. Your primary beneficiary(ies) will receive any monies in your account at the time of your death. If your primary beneficiary(ies) is(are) unable to accept the distribution, your contingent beneficiary(ies) will receive the distribution.

Designation	Full name of persons or estate (trusts below)	Relationship	Address
Primary <input checked="" type="checkbox"/>			Street
	Social Security #: _____ Date of Birth: _____		City _____ State _____ Zip _____
Primary Contingent <input type="checkbox"/> <input type="checkbox"/> Must check one			Street
	Social Security #: _____ Date of Birth: _____		City _____ State _____ Zip _____
Primary Contingent <input type="checkbox"/> <input type="checkbox"/> Must check one			Street
	Social Security #: _____ Date of Birth: _____		City _____ State _____ Zip _____
Designation	Trust or organization (attach documentation)	Trustee or Administrator	Address
Primary Contingent <input type="checkbox"/> <input type="checkbox"/> Must check one			Street
	Tax ID #: _____		City _____ State _____ Zip _____

Important: Your beneficiary designation may be limited by your specific retirement plan, see your plan handbook for details. Your designation will be invalidated by marriage, divorce, or reestablishment of membership following withdrawal or retirement. Make a copy of your beneficiary designation and review it periodically to ensure that it is still valid.

Section Three: Beneficiary Designation for \$150,000 Death Benefit

If your death occurs as a result of injuries sustained during the course of employment or an occupational disease or infection that arose naturally and proximately out of employment, a \$150,000 death benefit is available. Eligibility for this benefit is determined by the Department of Labor and Industries. You may designate the same beneficiary(ies) listed in Section Two by checking the box by the statement below - OR - you may designate a new beneficiary by completing the requested information. If you designate more than one beneficiary for the \$150,000 benefit, it will be divided equally among the named beneficiaries unless otherwise specified or required by law. If there is no designated beneficiary still living at the time of your death, the death benefit will be paid to your surviving spouse. If there is no surviving spouse, the benefit will be paid to your legal representative.

Note: JRS members and survivors of all retirement systems are NOT eligible for this benefit and should NOT complete Section Three.

I designate the beneficiary(ies) named in Section Two to be the same beneficiary(ies) eligible for the \$150,000 death benefit.

OR

Designation	Full name of persons or estate (trusts below)		Relationship	Address		
Primary <input type="checkbox"/> Contingent <input type="checkbox"/> Must check one				Street		
	Social Security #:	Date of Birth:		City	State	Zip
		-	-			
Designation	Trust or organization (attach documentation)		Trustee or Administrator	Address		
Primary <input type="checkbox"/> Contingent <input type="checkbox"/> Must check one				Street		
	Tax ID #:			City	State	Zip

Section Four: Signature – MUST complete in full. If the signature can only be made by mark, it must be witnessed by two persons who sign the form. The two witnesses must sign in the witness section and initial in the certification section if marked with an "X."

I, _____, hereby direct that any monies related to my account, unless otherwise specified or (print name in dark ink)

required by law, will be paid in equal shares to any primary beneficiaries named on this form who survive me, but if none survive, such monies will be paid in equal shares to any contingent beneficiaries named on this form who survive me. I hereby certify that I have read and understand the instructions to this form and that all of the information I have entered on this form is true and complete. Submission of this document revokes any prior designations that I have made.

Signature

Date

Section Five: Witness – MUST be completed by a person, other than a beneficiary, who witnesses the member's signature. To protect members from fraudulent claims, it is required that another person witness the member's signature on this document and complete and sign this section. A beneficiary cannot sign as a witness.

I, _____, am witness that the above named member completed and signed this document.
(print witness name - cannot be beneficiary - in dark ink)

Signature

Date

Street

City

State

Zip

This form requests that you provide your Social Security number. Internal Revenue Code Sections 6041 (A), and 6109 authorize the Department of Retirement Systems (DRS) to solicit your Social Security number.

- The disclosure of your Social Security number to DRS is mandatory.
- DRS will use your Social Security number to ensure that any amounts disbursed under your account are properly reported to the Internal Revenue Service and as a reference number for tracking all data with regard to your retirement account.
- DRS will not disclose your Social Security number to any party unless required by law.



PLAN 3 SELF-DIRECTED INVESTMENT ALLOCATION FORM



Return completed form to:
 PO Box 96220 Washington, DC 20090-6220
 Toll Free: 1-888-711-8773 ♦ Fax: 202-962-4601

Complete this form to establish how your future contributions are invested. Please use the Plan 3 Fund Transfer Request form to transfer existing balances. Print legibly in blue or black ink. **You can also establish or change your investment allocation(s) online at www.icmarc.org/plan3 or by calling 1-888-711-8773.**

Plan Information

Please select your plan : TRS (109513) SERS (107384) PERS (107182)

Member Information

Social Security Number	Full Name (Last, First, Middle)	Daytime Phone Number	
Mailing Address		City	State ZIP

Investment Allocation

The Plan 3 Self-Directed Program offers you two different approaches to investing. For more information on which approach may be right for you, read the Plan 3 Investment Guide. We encourage you to choose only one of the two approaches (One-Step Investing or Build and Monitor), but provide the option for choosing both. Total percentages must be whole and equal to 100%.

One-Step Investing

Choosing just one fund gives you a diversified portfolio. To determine the Retirement Strategy right for you, pick your target date for retiring or withdrawing your funds.

- 2050 Retirement Strategy
- 2045 Retirement Strategy
- 2040 Retirement Strategy
- 2035 Retirement Strategy
- 2030 Retirement Strategy
- 2025 Retirement Strategy
- 2020 Retirement Strategy
- 2015 Retirement Strategy
- 2010 Retirement Strategy
- 2005 Retirement Strategy
- 2000 Retirement Strategy

Write the percentage for the selected target date _____%

Build and Monitor

Mix and match to create a diversified portfolio. Write the percentages in the spaces below for each fund you want to invest in.

Money Market Fund	_____ %
Washington State Bond Fund	_____ %
Socially Responsible Balanced Fund	_____ %
US Large Stock Index Fund	_____ %
US Stock Market Index Fund	_____ %
US Small Stock Index Fund	_____ %
International Stock Index Fund	_____ %

Total percentage from One-Step or Build and Monitor or both must equal 100%.

Default: If the total allocation is greater than 100%, the total allocation will be invested in the Retirement Strategy Fund as if you are age 65 today. If the total allocation is less than 100%, then the difference will be invested in the Retirement Strategy Fund as if you are age 65 today.

Authorized Signature

Sign, date and return this form to the address listed above. Allocation change will occur as soon as possible after receipt of this completed form. A confirmation will be mailed to you when the transaction has been completed.

Member Signature	Date
------------------	------

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

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



INFORMATION AND INSTRUCTIONS

DEFERRED COMPENSATION PROGRAM

PO Box 40931 Olympia, WA 98504-0931 ♦ www.drs.wa.gov/dcp
Toll Free: 1-888-327-5596 ♦ TDD: 1-877-847-6041



To enroll in DCP, please complete the *Participation Agreement* form. If you have any questions, please call the DCP Information Line toll free at 1-888-327-5596 and select option 2. For TDD, call 1-877-847-6041.

- Please complete all sections of this form electronically or print legibly in black ink.
- Read the *Memo of Understanding* regarding the *Participation Agreement*.
- Sign, date and return the *Participation Agreement* form to the address on the top of the form.
- If your employer is a political subdivision such as a school district, county or city or a higher education employer, send a copy to your payroll office. This is not required for state agency employees.
- Retain a copy for your records.

Personal Information: Use your legal name and provide all requested information.

Deferral Information: Write the monthly total dollar amount you want to defer from your gross monthly wages or the percentage (up to 50%). Only state agency employees may elect a percentage.

In 2009, you may defer up to \$16,500 from your pay annually (\$1,375 monthly). The minimum monthly contribution is \$30. If you want to defer more than \$1,375 monthly, please contact DCP. Deferrals will begin on the earliest date possible, contingent upon the processing time required by your employer's payroll department and the provisions set forth in Section 457 of the Internal Revenue Code.

Investment Options: The **One-Step Investing** approach is designed for those who don't have the desire, comfort level and/or time to select their own allocation mix of funds, monitor them and make necessary changes. Each Retirement Strategy Fund is well diversified and automatically rebalances, adjusting your allocation mix as you move toward a target date that meets your needs and lifestyle.

If your target date changes, you can transfer your money to a Retirement Strategy Fund that more closely matches your revised date.

The **Build and Monitor** approach requires you to:

- Select fund(s).
- Monitor account activity.
- Rebalance allocation mix as necessary to maintain your investment objectives.

The *DCP Enrollment Booklet* and *Investment Guide* are available to help you determine your allocation mix.

Beneficiary Designation: Complete this section by designating at least one Primary Beneficiary. You may designate more than one Primary and one or more Contingent Beneficiaries. Provide each beneficiary's percentage, Social Security number, full name, mailing address, date of birth and relationship.

- A **Primary Beneficiary** will receive the accumulated deferrals of the deceased participant's account if he or she survives the participant by 30 days. The total percentages for all primary beneficiaries must equal 100%. Use whole numbers (50% and 50% **or** 66% and 34%).
- A **Contingent Beneficiary** will receive the accumulated deferrals if no primary beneficiary is still living at the time the participant dies. The total percentages for all contingent beneficiaries must equal 100%. Use whole numbers (50% and 50% **or** 66% and 34%).

To name a **Trust** as beneficiary, indicate name of Trust and date Trust was established. A copy of the Trust document should be provided.

To name your **Estate** as beneficiary, write "my estate."

In the event of participant's death, distribution to a **Minor** requires the following before distribution can occur:

- **Guardian:** A copy of court documents showing the name, address and telephone number of Minor's court appointed guardian, or
- **Custodian:** A copy of the Trust or other documents showing power of appointment under the WA Uniform Transfers to Minors Act.

MEMO OF UNDERSTANDING

This memo highlights certain provisions of the Deferred Compensation Program. For specific details, you should refer to the DCP *Enrollment Booklet* and *Regulations*.

I understand the following:

1. My gross salary will be reduced each month by the amount that I have elected to defer. It is my responsibility to ensure that my deferrals do not exceed the allowable amount specified in Internal Revenue Code 457; if they do, my employer may disallow deferral of the excess, which also may be taxed currently. However, during the last three years before attaining normal retirement age, or if I am 50 years of age or older, I may be able to defer a greater portion, subject to IRS limitations. Note: For information about special provisions that allow you to exceed the monthly maximum, contact DCP.
2. My deferral cannot begin sooner than the month following *Participation Agreement* approval (WAC 415-501-410). My accumulated deferrals will be held in trust by the Washington State Investment Board for the exclusive benefit of participants and their beneficiaries until paid to me under the rules of the Plan (WAC 415-501-580). I realize that I may not assign or transfer my rights in the Plan (WAC 415-501-570).
3. I have elected to have my deferred salary invested as indicated on my *Participation Agreement*.
4. Earnings, if any, will be applied to my accumulated deferrals in accordance with the investment option I select (WAC 415-501-475).
5. I may change or stop the amount I defer and may change my investment(s) by using the Voice Response Unit (VRU), the DCP Web site, customer service representatives or by submitting the proper form. Forms are available on the DCP Web site or by calling the DCP Information Line.
6. There are only four reasons for withdrawal of my funds: Separation from service (WAC 415-501-485), an approved unforeseeable emergency (WAC 415-501-510), an approved voluntary in-service withdrawal (WAC 415-501-485), or purchase of service credits in a governmental defined benefit plan.
7. I may elect the date and method of distribution of my accumulated deferrals according to those methods approved by the Department (WAC 415-501-485). In the event of my death, any unpaid benefits will be paid to my designated beneficiaries (WAC 415-501-486).
8. The Department of Retirement Systems retains administrative control over the plan and the employer retains the right to terminate the plan (WAC 415-501-530 and WAC 415-501-540).
9. Neither my employer, nor the Department of Retirement Systems, nor its individual members, shall be liable for the performance of investments.
10. I understand that I will receive a copy of any applicable prospectus and an enrollment confirmation notice, indicating acceptance into the plan. I acknowledge that I have received a copy of and understand the information provided in the *Deferred Compensation Program Enrollment Booklet*.



PARTICIPATION AGREEMENT

DEFERRED COMPENSATION PROGRAM

PO Box 40931 Olympia, WA 98504-0931 ♦ www.drs.wa.gov/dcp
Toll Free: 1-888-327-5596 ♦ TDD: 1-877-847-6041



Please read the *Information and Instructions* before completing this form.

Personal Information

Social Security Number	Employer	Daytime Phone Number ()
Participant Name (Last, First, Middle)		Evening Phone Number ()
Mailing Address		E-mail Address
City	State	ZIP Code
Date of Birth (mm/dd/yyyy)		Gender <input type="checkbox"/> M <input type="checkbox"/> F

Deferral Information

I authorize my employer to defer the following contribution amount from my monthly gross wages. Please contact DCP if you want to defer more than \$1,375 **or are eligible for catch-up provisions.**

Contribution Amount: \$ _____ or _____ % (Only state agency employees may elect a percentage deferral.)

Investment Options

DCP offers you two different approaches to investing. For more on which approach may be right for you, read the Information and Instructions. We encourage you to choose only one of the two approaches (One-Step Investing or Build and Monitor) but provide the option for choosing both. Total percentages must be whole and equal to 100%.

One-Step Investing

Choosing just one fund gives you a diversified portfolio. To determine the Retirement Strategy right for you, pick your target date for retiring or withdrawing your funds and check the corresponding box.

- 2050 Retirement Strategy
- 2045 Retirement Strategy
- 2040 Retirement Strategy
- 2035 Retirement Strategy
- 2030 Retirement Strategy
- 2025 Retirement Strategy
- 2020 Retirement Strategy
- 2015 Retirement Strategy
- 2010 Retirement Strategy
- 2005 Retirement Strategy
- 2000 Retirement Strategy

Write the percentage for the selected target date _____ %

Build and Monitor

Mix and match to create a diversified portfolio. Write the percentages in the spaces below for each fund you want to invest in.

- Savings Pool _____ %
- Washington State Bond Fund _____ %
- Washington State Socially Responsible Balanced Fund _____ %
- Active U.S. Value Stock Fund _____ %
- U.S. Stock Market Index Fund _____ %
- Active U.S. Core Stock Fund _____ %
- Fidelity Growth Company Fund _____ %
- U.S. Small Stock Index Fund _____ %
- International Stock Fund _____ %

Total percentage from One-Step or Build and Monitor or both must equal 100%.

Important: Read before signing. I authorize my employer to deduct the amount or percentage indicated each month and transmit to the Deferred Compensation Program (DCP). I further authorize my employer to deduct any deferral changes I request through DCP in the future. This agreement will continue until further notification by me, as set forth in the plan. I understand a plan expense will be applied to my account value. I acknowledge I have read and understand all sections of the "Memo of Understanding."

Signature	Date
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Beneficiary Designation

I understand if I select more than one Primary Beneficiary or more than one Contingent Beneficiary, the total percentage(s) for each category must add up to 100% (use whole numbers, for example 50% and 50% or 66% and 34%). I wish to designate the following beneficiary(ies) in accordance with the provisions of the Plan:

<input checked="" type="checkbox"/> Primary Beneficiary		Percentage _____ %
Social Security Number	Beneficiary Name (Last, First, Middle)	
Mailing Address		Date of Birth (mm/dd/yyyy)
City	State	ZIP Relationship

Check only one box

<input type="checkbox"/> Primary <input type="checkbox"/> Contingent		Percentage _____ %
Social Security Number	Beneficiary Name (Last, First, Middle)	
Mailing Address		Date of Birth (mm/dd/yyyy)
City	State	ZIP Relationship

Check only one box

<input type="checkbox"/> Primary <input type="checkbox"/> Contingent		Percentage _____ %
Social Security Number	Beneficiary Name (Last, First, Middle)	
Mailing Address		Date of Birth (mm/dd/yyyy)
City	State	ZIP Relationship

Check only one box

<input type="checkbox"/> Primary <input type="checkbox"/> Contingent		Percentage _____ %
Social Security Number	Beneficiary Name (Last, First, Middle)	
Mailing Address		Date of Birth (mm/dd/yyyy)
City	State	ZIP Relationship

I hereby direct any accumulated deferrals in my Deferred Compensation account to be paid, in the percentages indicated above, to any primary beneficiaries who survive me. If none survive, such monies will be paid, in the percentages indicated, to any contingent beneficiaries who survive me. Completion of this form revokes any prior designations I have made.

Signature	Date
-----------	------



06/2009

CONTACT INFORMATION:

Department of Retirement Systems

PO Box 48380

Olympia, WA 98504-8380

664-7000

800-547-6657

www.drs.wa.gov



SET YOURSELF APART:
JOIN DCP TODAY

It's never been easier to enroll in DCP

Print the [Participation Agreement](#) from the home page of the DCP Web site at www.drs.wa.gov/dcp or call the DCP Information Line at 888-327-5596 (select option 2) (TTY 877-847-6041) and ask to have the form mailed to you.

Return your completed [Participant Agreement](#) form by mail to DCP at PO Box 40931 Olympia, WA 98504, or in person at 6835 Capitol Blvd. in Tumwater.

Program management and administration

The Department of Retirement Systems (DRS) administers the Deferred Compensation Program (DCP) and contracts with a third party (currently ING) for record keeping and other administrative services. The Washington State Investment Board selects and monitors DCP's investment options based on advice and recommendations provided by the Employee Retirement Benefits Board.

For more information

- Log on to the DCP Web site at www.drs.wa.gov/dcp anytime.
- Call the DCP Information Line at 888-327-5596 and select option 2 (TTY 877-847-6041) to speak with a customer service representative, Monday – Friday, 8 a.m. to 5 p.m.
- Stop by our office at 6835 Capitol Blvd. in Tumwater.
- Call 888-327-5596 (TTY 877-847-6041) for automated toll-free telephone account access, available 24/7.



DCP: Easy, Flexible & Smart

The Washington State Deferred Compensation Program (DCP) is a supplemental retirement savings program (an IRC Section 457 plan) that offers you the opportunity to invest money toward securing the retirement you envision. Whether you've been saving for years, or just getting started, DCP offers you an excellent opportunity to enhance your financial future.

Features:

- Simple enrollment process.
- Easy payroll deduction.
- Change your contribution amount whenever you want to.
- Low fees.
- No federal income taxes withheld from your contributions.
- Roll eligible retirement funds into your DCP account.
- Access your account, twenty-four hours a day, seven days a week on the DCP Web site and Information Line. Manage your investments and monitor your account balance.
- DCP is available to Washington State public employers and their employees.
- Distributions are available without penalty at any age when you separate from employment.

DCPOV200907



Deferred
Compensation
Program

Contributing to the Plan

When you enroll in DCP, you decide how much you want deducted from each paycheck and where you want your money invested.

Minimum contribution: \$15 for semi-monthly payrolls, \$30 for monthly payrolls.

Maximum contribution: For participants under 50, you may defer up to \$16,500 (\$1,375 monthly) from your annual compensation in 2009.

You may change your contribution amount whenever you want to, by visiting the DCP Web site or calling the DCP Information Line.

If you have an IRA or retirement plan from a previous employer, you may want to consider a rollover of those funds into DCP.

Catch-up provisions

Age 50-plus catch-up provision: If you are at least age 50 during 2009, you can make an additional contribution of \$5,500, **which means you can defer up to \$22,000 for the year.**

Three-year catch-up provision: If you haven't been contributing the maximum deferral amount, the three-year catch-up provision allows you to contribute up to twice the maximum (**up to \$33,000**) during the three years before your normal retirement age.

To calculate the additional amount you're eligible to contribute, contact a DCP Customer Service Representative at 888-327-5596 (select option 2) Monday – Friday, 8 a.m.–5 p.m.



DCP INFORMATION LINE
888-327-5596

Investments

You choose where to invest your contributions from a broad range of investment choices.

You direct where to invest your money and you can change your investment selections at any time.

Before making any investment decisions, you should review the *DCP Investment Guide*. The *Guide* is available online in the Plan Information section under Publications.

Competitive fee structure

DCP has lower fees than many other investment products.

The administrative fee is 0.17 percent annually. This fee covers record keeping, communications, customer service and the Washington State Investment Board expenses. Administrative fees are posted to participant accounts before the end of the quarter and are shown on the quarterly statement.

Investment management fees pay for fund management, research and transaction expenses. Fees vary with each investment option and are reflected in each fund's share price.

Quarterly Statements and Account Balances

Each quarter, you will receive a statement showing the contributions you made during the quarter, investment gains or losses and your current account balance.

The value of your DCP account is determined by your contributions and the investment performance. Account values fluctuate with market conditions, and at any time, the value of your account may be more or less than the original amount you invested.

You can access detailed account information, run custom statements with up to 18 months of historical data and change statement delivery options by logging into your account.

Distributions from DCP

Upon retiring or separating from employment, you are eligible to receive payment from your Washington State DCP account. In the event of your death, your beneficiary will receive payment.

However, you can choose to leave the money in your account and let the funds continue to grow tax-deferred.

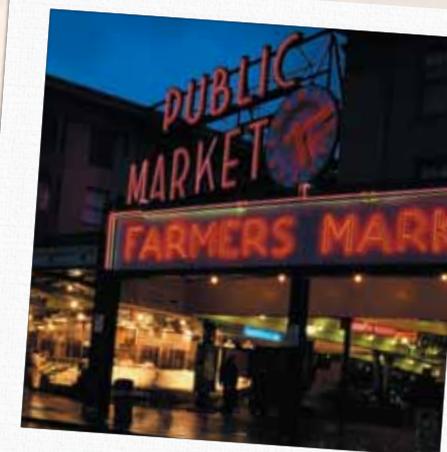
The IRS does require that you begin receiving payment by April 1 following the year in which you reach age 70½. You have several payment options:

- installments
- partial lump sum distribution followed by installments
- flexible withdrawal
- establish a specific time period for distribution
- annuity
- rollover
- lump sum

If you select an installment option, you may change your amount at any time to fit your needs. The flexible withdrawal option allows you to receive a portion of your funds in any amount at any time.

Purchasing service credit: You may use your DCP funds to purchase service credit or restore previously withdrawn retirement contributions from a Washington State retirement plan.

All distributions, with the exception of a rollover to another eligible retirement plan or a traditional IRA, are treated as income in the year you receive them and are subject to federal income taxes.



WWW.DRS.WA.GOV/DCP

STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
P.O. Box 48380 * Olympia, Washington 98504-8380 * (360) 664-7000 * 1-800-547-6657

December 1, 2009

171415

Dear [REDACTED]:

Welcome to the Washington State Teachers' Retirement System (TRS). We understand that starting a new job can be both exciting and challenging. Decisions about your retirement benefits are just some of the important things you'll be thinking about in the months ahead. And while it may seem like planning for retirement is something you do at the end of your career, it's actually important to begin thinking about your future needs now. The first decision you need to make is to choose a Plan.

As a new TRS member first hired on or after July 1, 2007, you have 90 days to choose either Plan 2 or Plan 3. The selection you make is irrevocable. Once you've made your decision, please notify your employer on or before January 9, 2010.

You'll be in TRS Plan 2 until you notify your employer of your decision. If you don't notify your employer by January 9, 2010, you'll automatically be in TRS Plan 3. Your contributions will then go into the Washington State Investment Board Investment Program, and the default contribution rate of five percent will be deducted from your gross salary. However, if you voluntarily select Plan 3, you can choose how much you wish to contribute from one of six rate options. You can change contribution rates when changing employers or during an annual open window in January of each year as permitted by the Internal Revenue Service (IRS). Once you become a member of Plan 3, you cannot return to Plan 2.

As a new TRS member you'll have many opportunities to take an active part in planning your retirement throughout your career. We want you to know that the Department of Retirement Systems (DRS) is here to help you with all your retirement questions. For detailed information about the two plans, please refer to the Plan Choice booklet available from your employer. Additional tools and information are also available on the DRS Web site at <http://www.drs.wa.gov>.

Sincerely,

Teachers' Retirement System

STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS

P.O. Box 48380 * Olympia, Washington 98504-8380 * (360) 664-7000 * 1-800-547-6657

December 1, 2009

2220



Dear [REDACTED]:

Welcome to the Washington State Public Employees' Retirement System (PERS) Plan 2. Our records indicate that you have irrevocably chosen to be a member of PERS Plan 2 on September 29, 2009.

To help you become familiar with your retirement benefits as a new member of PERS Plan 2, review the PERS Plan 2 Member Handbook, attend a Department of Retirement Systems' seminar, read the Retirement Outlook active member newsletter or visit the DRS Web site at: <http://www.drs.wa.gov>.

If you believe that you have received this letter in error, please contact your employer immediately.

Sincerely,

Public Employees' Retirement System