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The Honorable Barbara Bailey
Washington State Senator
Chair, Select Committee on Pension Policy
PO 40401, Olympia, WA 98504-0401

The Honorable Timm Ormsby
Washington State Representative
Vice Chair, Select Committee on Pension Policy
PO Box 40600, Olympia, WA 98504-0600

To the Members of the Select Committee on Pension Policy:

I would like to bring to your attention a problem for the disabled when applying for PERS Plan 2 or Plan 3 Disability Benefits. This problem is not with physical barriers or staff training but with calculating the amount of payment.

When I was diagnosed with Parkinson's Disease in 1998, I felt fortunate to be working for The City of Moses Lake Engineering Department. With the cooperation of the management of the city, I was able to work full time until April 2012 when I reduced my schedule to 5 hours per day. In January 2013 I was no longer able to work this reduced schedule and with the agreement of my wife, supervisor, and doctor I ended more than forty years of continuous employment. I was 57 years old and had been diagnosed with Parkinson's Disease for almost fifteen years. Unfortunately, only the last nineteen years were with an employer that allowed me to contribute to the Department of Retirement Systems. After more than a year, I decided that I would not be able to return to work and should apply for the Defined Benefit portion of money that was paid into DRS. The Application for Disability Retirement is easy to complete and with the cooperation of everyone involved, my application will shortly be approved.

WAC 415-108-436 clearly spells out the calculation of disability retirement benefits as provided by the legislature and since I was in PERS Plan 3, I was expecting the monthly amount of one percent of my average monthly wage per year of service after it was "actuarially reduced" for my age. Working for The City of Moses Lake was challenging and I was well paid, with my sixty month maximum average salary over \$4,500. At age 65, my benefits would be \$4,500 times one percent of 19 years (0.19) or about \$850 a month. With a legal order involving a portion of my retirement, that amount would be reduced to around \$625. But I am not 65, I had eight more years to work when I had to withdraw. The Early Retirement Factor is used to "actuarially reduce" the monthly payment for each year under age 65 that the worker chooses to not work. This is a fair system of paying the same total amount over a longer period of time. But what about the disabled worker who doesn't choose when to stop working and has a reduced life span? When I asked the Office of the State Actuary about an Early Retirement Factor for the disabled, I

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was told that the one in use by the Department of Retirement Systems is a composite of the life span of both healthy and disabled workers and as such “some win a little, some lose a little”. In my case, the Early Retirement Factor reduces my monthly payment to about \$250, about 40 percent of what I would have gotten at age 65. Using the information from the DRS and Office of the State Actuary, I have calculated that the amount I am going to get paid now will take over eighteen years for me to receive the same total amount of money as I would have gotten at age 65 with the same number of years and average wage. To receive the same total amount, I will live with Parkinson’s Disease for more than thirty years and live more than twenty years after withdrawing due to my inability to work. Statistically, my life span and the life span of other disabled retirees is significantly less than that of a healthy person of the same age and we won’t live long enough to receive the same total amount as everyone else.

I ask the members of this committee to accommodate those disabled retirees who are forced to withdraw from the workforce before age 65 by modifying the Early Retirement Factor to reflect our reduced life span and to find a more equitable method to calculate the PERS Plan 2 or Plan 3 Disability Benefits.

Thank You for considering this request.

Sincerely yours,

Benjamin Perdue