

Study of Administrative Practices under Chapter 41.54 RCW

Executive Summary

The Select Committee on Pension Policy (SCPP) has been tasked with studying the consistencies in administrative practices as they relate to dual membership [[Chapter 41.54](#) Revised Code of Washington (RCW)]. This study involves representatives of the Department of Retirement Systems (DRS), the Office of the State Actuary (OSA), higher education, and the First Class Cities (Seattle, Tacoma, and Spokane). Following a conversation and survey of participants, staff has completed the attached report.

How Did This Come before the Committee?

This year's state supplemental operating budget¹ requires the SCPP to study consistencies in how portability provisions under Chapter 41.54 RCW are administered. In doing so, the SCPP must convene a group consisting of staff from OSA, DRS, the state institutions of higher education, and the cities of Seattle, Tacoma, and Spokane.

Committee Action

The SCPP received briefings on this study at their July and September meetings. At the November meeting the SCPP received initial findings, and held a public hearing. No final action was taken.

Who Does This Impact?

The impacts will depend any actions taken by the Legislature in response to the findings. However, it could potentially impact any dual member; for example, a dual member of both a First Class City retirement plan and a state retirement plan.

Highlights

- ❖ Staff consulted with, and surveyed the study participants. Compiled responses to the survey are in the meeting materials.
- ❖ As described below, each of the four plan administrators (the three First Class Cities and DRS) have different rules.
 - ◇ Some differences in benefit calculations and other administrative actions are a natural byproduct of having more than one retirement system.

¹[Engrossed Substitute Senate Bill 6168](#), Section 106(2).

- ❖ For the purposes of this study, staff has defined differences in administrative practices to mean circumstances where identical rules could result in different outcomes.
- ❖ Initial findings:
 1. Higher Education Retirement Plans are not subject to portability rules under Chapter 41.54 RCW.
 2. A dual member's Average Final Compensation could be calculated differently depending on where they worked and when.
 3. A dual member's service credit could be calculated differently depending on where they worked and when.
- ❖ So long as different systems have different rules, portability will always face a dichotomy: the rules can be consistent for all benefits in that system, or consistent for benefits across the systems.
 - ◇ It can't be both without requiring all systems to have the same rules under all circumstances.

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Study of Administrative Practices under Chapter 41.54 RCW

Issue Summary

The Select Committee on Pension Policy (SCPP) has been tasked with studying the consistencies in administrative practices as they relate to dual membership and portability [[Chapter 41.54](#) Revised Code of Washington (RCW)]. This study involves representatives of the Department of Retirement Systems (DRS), the Office of the State Actuary (OSA), higher education, and three of the First Class Cities (Seattle, Tacoma, and Spokane).

Background

Study Language

This year's state supplemental operating budget¹ requires the SCPP to study consistencies in how portability provisions under Chapter 41.54 RCW are administered.

In doing so, the SCPP must convene a group consisting of staff from OSA, DRS, the state institutions of higher education, and the cities of Seattle, Tacoma, and Spokane.

For convenience, here is the relevant text with slight edits for clarity:

During the 2020 legislative interim, the select committee on pension policy shall study the consistency of administrative practices under the portability provisions of chapter 41.54 RCW. In conducting this study, the select committee on pension policy shall:

- ❖ *Convene a study group including representatives of the department of retirement systems, the office of the state actuary, the state institutions of higher education, and the cities of Seattle, Tacoma, and Spokane. The purpose of this study group is to:*
 - ◇ *Facilitate the sharing of information and data needed for the select committee on pension policy to conduct the analysis and draft its report.*
 - ◇ *Review and compare written policies of each of the entities in (a) of this subsection enacted pursuant to carrying out dual membership provisions under chapter 41.54 RCW, as well as any participant data needed to make reasonable comparisons of administrative practices.*
 - ◇ *Identify differences in administrative practices and consider the implications for making those practices consistent between entities.*

¹[Engrossed Substitute Senate Bill 6168](#), Section 106(2).

- ◇ Report any findings to the appropriate committees of the legislature by December 15, 2020.

Clarification: Differences in Administrative Practices

In putting together this study, staff has defined differences in administrative practices to mean circumstances where identical rules could result in different outcomes.

In contrast, staff is not looking to identify all differences in rules. As described below, each of the four plan administrators (the three First Class Cities and DRS) have different rules. This is a natural byproduct of having more than one retirement system.

First Class City Retirement Systems

A First Class City is a city with at least 10,000 citizens, and has adopted a charter in accordance with the state constitution.² According to the Municipal Research Services Center³, currently ten cities meet that definition: Aberdeen, Bellingham, Bremerton, Everett, Seattle, Spokane, Richland, Tacoma, Vancouver, and Yakima.

Under [Chapter 41.28 RCW](#)⁴, any First Class City formed after July 1, 1939, can form its own pension system. However, only three cities have done so: Seattle, Tacoma, and Spokane.⁵

These systems are for general employees only. Police, fire, and K-12 staff participate in the state systems (the Law Enforcement Officers' and Fire Fighters' Retirement System and the Teachers' Retirement System, respectively).⁶

Each system has an oversight board responsible for plan administration and investment of funds.^{7,8,9}

²[RCW 35.22.010](#).

³[MRSC webpage on First Class Cities](#).

⁴First Class City retirement systems are generally governed by Chapter 41.28 RCW. However, additional provisions apply when a First Class City works with another local government unit to provide a service, and the employees are not all in the same retirement system. These additional provisions are in [RCW 41.04.405-430](#).

⁵While it is outside the scope of this paper, it may be helpful to note that the other seven First Class Cities may no longer be eligible to form their own retirement system since they have joined the statewide PERS system. While joining PERS is optional for cities, it is generally an irrevocable decision. However, any city that has not joined PERS and attains First Class City status in the future may be eligible to create its own retirement system.

⁶[RCW 41.28.030](#). Some exceptions may apply, for example with administrative fire personnel.

⁷[RCW 41.28.060](#).

⁸[RCW 41.28.080](#).

⁹As noted by Committee members at the June 2020 meeting, Legislation has been introduced over the years that would consolidate one or more aspects with the state systems (e.g., allowing the Washington State Investment Board to invest the funds), but these have not passed.

While the plans differ in many details, their structure is reasonably similar to the state Public Employees' Retirement System (PERS) Plan 2 for comparison purposes. For example, PERS 2 and the city systems all calculate member benefits as follows:

$$\text{Years of Service} \times \text{Salary Average} \times \text{Benefit Multiplier}$$

However, the city systems differ in many areas, such as using different multipliers, and calculating average salary using different timeframes. The complexity of the details makes them difficult to restate here.¹⁰ For reference, please see the respective plan handbooks available on each system's website:

- ❖ [Seattle City Employees' Retirement System](#) (SCERS).
- ❖ [Tacoma Employees' Retirement System](#) (TERS).
- ❖ [Spokane Employees' Retirement System](#) (Spokane).¹¹

Comparing First Class City Retirement Systems and PERS					
<i>All numbers approximate; rounded for comparison; Numbers in Millions.</i>					
	Seattle (SCERS)	Tacoma (TERS)	Spokane (SERS)	PERS 1	PERS 2/3
Funded Status	68.2% ¹	98% ²	63.9% ³	65% ⁴	95% ⁴
Fund Size (MVA)	\$2,700 ¹	\$1,800 ²	\$317 ³	\$7,900 ⁴	\$42,500 ⁴
Membership					
Actives	9,400	3,000	1,500	1,500	160,500
Annuitants	7,000	2,500	1,400	45,600	60,600
Total	19,000	6,200	3,000	47,100	221,100

¹As of January 1, 2019.

²As of January 1, 2020.

³As of December 31, 2019.

⁴Preliminary results as of June 30, 2019.

Higher Education Retirement Plans (HERPs)

Since 1937, higher education institutions have had the option of offering HERPs to faculty and some administration employees in lieu of membership in a DRS-administered retirement system.

In addition to providing retirement benefits, HERPs are designed to attract faculty and professional employees from other universities and colleges by offering a portable Defined Contribution (DC) retirement plan that's common throughout U.S. higher education.

HERPs are full DC plans, unlike the state's Plans 2, which are Defined Benefit (DB) plans, or the Plans 3, which are hybrid DB/DC plans.

As noted above, HERPs are not administered by DRS and not covered by the portability statutes, Chapter 41.54 RCW.

¹⁰For example, two of the three use a large table to determine the benefit multiplier, as opposed to using a flat percentage. They also use tables to determine retirement eligibility, and/or early retirement factors. Two of the systems have at least two tiers of benefits based on hire date.

¹¹This report avoids using the acronym "SERS" to avoid confusion with the state's School Employees' Retirement System.

Further, portability between these plan types would be different from the portability defined in Chapter 41.54 RCW. Portability for a DC plan means the participants' accumulations stay with the participant and may be rolled over into their new employer's plan. Portability for a DB plan means that the service credit earned in one plan may be included in another plan's formula to drive an increased retirement benefit.

Study Plan and Survey of First Class Cities and DRS

To identify the differences in administrative practices, staff worked with the First Class Cities and DRS to put together a survey for each of them to answer.

Please see the attached materials for the compiled survey responses. The following findings are based on those responses, with some additional follow up with the participants.

Findings and Analysis

As noted above, staff has defined "differences in administrative practices" to mean circumstances where identical rules could result in different outcomes. With that in mind, three findings have been identified. The following sections detail the findings, analysis of the findings, and implications for addressing these findings (i.e., removing differences in administration).

Finding #1

The portability provisions of Chapter 41.54 RCW do not apply to HERPs.

Analysis

Since the portability provisions do not apply to HERPs, the study does not consider them further. Higher education personnel participated in the study as required, but confirmed that there is no portability to be analyzed.

Finding #2

A dual member's Average Final Compensation (AFC) could be calculated differently depending on where they worked and when.

Analysis

Under the portability rules, systems use the member's highest AFC to calculate benefits. In both the DRS systems and the first-class cities, the basic benefits calculation works like this:

$$\text{Years of Service} \times \text{Highest AFC} \times \text{multiplier}$$

However, even though it is the same basic formula, each system has some differences in how it calculates each of the three variables.

To illustrate, assume a member works ten years at City A, then twenty at City B. At retirement, the member will receive two benefits: One from each city. Under portability rules, both portions will be calculated using the member's highest AFC.

Assuming this dual-member's AFC was highest at City B, then their benefits are calculated as follows:

- ❖ City A's portion: 10 years x AFC (City B) x multiplier (City A).
- ❖ City B's portion: 20 years x AFC (City B) x multiplier (City B).

However, some systems use different AFC periods, and definitions of things like “earnable compensation”. For example, one system may allow some types of leave cash outs in AFC that the other does not.

These differences are expressly allowed under current law. Specifically, RCW 41.54.030(2) states that each system can determine a dual member’s salary under their own rules.¹²

However, as a result of these differences, the same exact salary history could result in a higher AFC in one system than another. Thus, the bigger question is which rules are applied in each circumstance.

It might be easiest to see if we adjust the example above as follows:

- ❖ City A calculates:
 - ◇ AFC (City A) under City A’s rules.
 - ◇ AFC (City B) under City A’s rules.
- ❖ City B calculates:
 - ◇ AFC (City A) using City A’s rules.
 - ◇ AFC (City B) under City B’s rules.

In this example, City A is calculating the comparison exclusively under its own rules. City B, in contrast, is calculating the comparison using both sets of rules.

To reiterate, both systems use the higher AFC in calculating benefits, but may determine which is higher using different rules.

¹²However, a member can substitute their “base salary” as defined in RCW 41.54.030(1) if the member chooses.

Finding #3

A dual member's service credit could be calculated differently depending on where they worked and when.

Analysis

Under the portability rules, dual members can combine their service credit in all systems to qualify for retirement. This includes qualifying for early retirement and subsidized Early Retirement Factors (ERFs).

For example, a member who works ten years in Spokane and twenty years in a PERS 2 position could combine their service to qualify for the subsidized ERFs in PERS 2 which would require 30 years of service.

The First Class Cities and the DRS systems calculate service credit differently; albeit with many similarities.

- ❖ Cities calculate based on a pro-rated year:
 - ◇ One full year for ~2,000 hours or more.¹³
 - ◇ 50 percent credit for ~1,000 hours, and so on.
- ❖ DRS calculates based on months:
 - ◇ One month for 91+ hours.
 - ◇ One half-month for 70-90 hours.
 - ◇ One quarter-month for < 70 hours.

Thus, the first-class cities calculate service using a different method than the DRS systems, and each city uses a different number of hours to constitute a year.

It is also not clear from the plan rules if the cities match each other in how they calculate partial credit. For example, if a city bases a year of service credit on 2,080 hours, and an employee works 1,025 hours, the member's service credit could be rounded to 0.492788 percent, 49 percent, or 50 percent of a service credit.

Implications for Making These Practices Consistent

Some implications apply generally, and others are directly related to a specific finding.

¹³According to the plan handbooks, this ranges from 2,040 to 2,088 hours. See page three for links.

Finding #2

The differences identified in Finding #2 are likely only an issue for concurrent employment (e.g., where an employee works two simultaneous jobs in different systems).

In most circumstances, a person's salary will increase throughout their career. For a full-time employee who works ten years at one city and twenty at another, their AFC will likely be much higher from the second city than the first. Members retiring with a wide difference in AFC will be less likely to compare or notice subtle differences in things like how the underlying salary is calculated.

But an employee who, for example, is working two part-time jobs at the same time may have roughly similar salaries in both systems. Thus, it's possible that person may be more likely to notice those subtleties. If so, the retiree may feel shortchanged upon realizing their benefit could have been higher under one system than another (e.g., if City A had used City B's rules, or vice versa).

Thus, making the rules consistent across systems could help avoid that perception.

Finding #3

While marginal differences in service credit calculations are unlikely to have a material impact on a member in any given year, they can add up over a career. To that extent, these differences may impact a member's eligibility for retirement options, or require them to work longer than expected before retirement.

These impacts are mitigated to at least some extent whenever the dual member is part of a DRS system. This is because DRS adjusts service credit for the DRS portion so that a dual member receives no more than a maximum of one service credit month per month.¹⁴

Generally

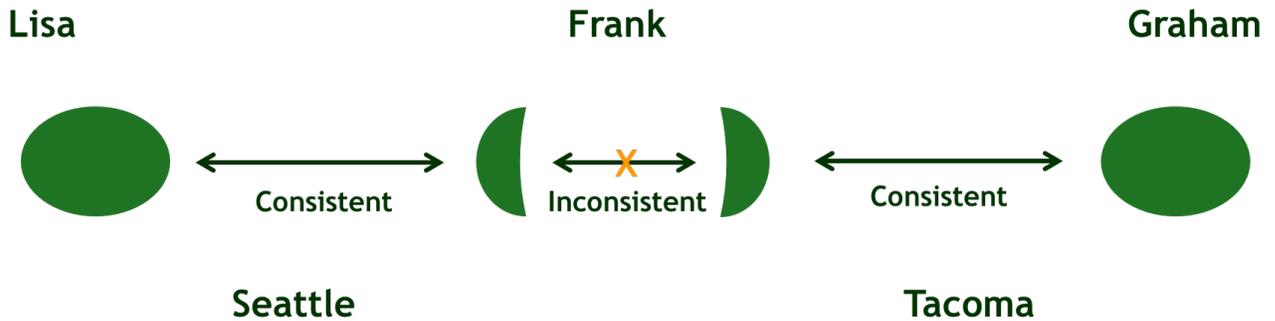
So long as different systems have different rules, portability will always face a dichotomy: the rules can be consistent for all benefits in that system, or consistent for benefits across the systems. It can't be both without requiring all systems to have the same rules under all circumstances.

To illustrate, imagine you have three employees:

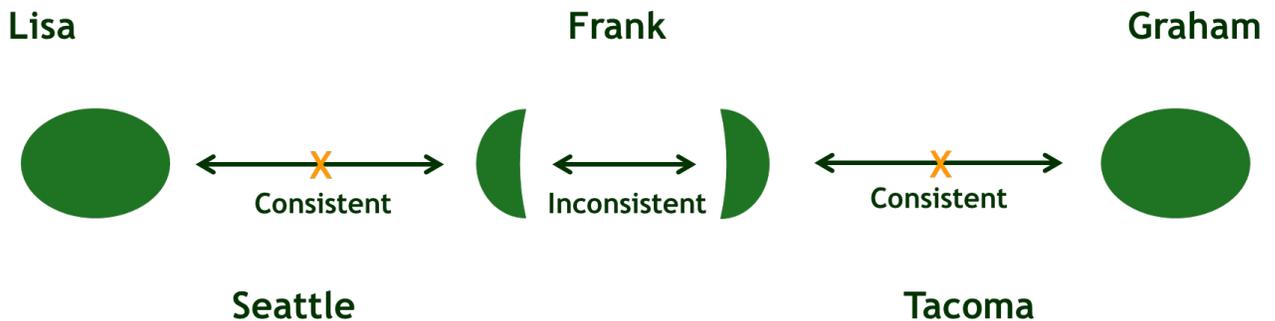
- ❖ Lisa works her full career in Seattle.
- ❖ Graham works his full career in Tacoma.
- ❖ Frank works half his career in each city.

¹⁴See e.g., [RCW 41.40.010\(37\)\(a\)\(ii\)](#) and [RCW 41.32.010\(28\)](#).

Example 1: Consistent Within A System



Example 2: Consistent Across Systems



As the survey responses show, some cities are applying rules that are consistent within the system, and some are applying the rules consistent across systems.

Policy Option(s)

If policy makers want to change the current approach to portability provisions, staff has identified one option. Policy makers may also identify other options as well.

- ❖ Establish consistent application of rules in all dual member scenarios (either consistent within a system, or consistent across systems).

One possible example of this would be to require each system to calculate salary and service using the rules of the system in which it was earned. At least one system is already doing that for calculating service, but not for salary. Hypothetically, new statutes or rules could establish that the dual member's salary, AFC, and service would be calculated using the rules of the system it was earned in.

While the precise impacts of such a change would not be determinable until the details of the proposal are decided, two of the three First Class Cities noted that establishing consistency across systems could be administratively burdensome. This would be due to things like requiring the systems to calculate benefits based on more than one set of rules.

Conclusion

Based upon the description above, this study did not consider the administration of portability provisions for HERPs. Portability is not applicable and HERPs are not covered by the portability statutes.

AFC and service credit for dual members can be calculated differently based on which systems they've worked in. This is an expected byproduct of each system having its own rules. So long as each system has its own rules, there will be a policy choice regarding dual members:

- ❖ Make each portion of their benefits consistent with the system it was earned in;
- ❖ Make a portion of their benefits consistent with the other portion(s) of their benefits; or
- ❖ Continue allowing each system to set those rules.

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Study of Administrative Practices: Compiled Survey Responses

Seattle

Tacoma

Spokane

DRS

1. Employee works PT with your city, then terminates and works FT with another city. For your city's portion of their retirement benefit:

How is AFC calculated?

Do you use the highest of the two AFCs to calculate your city's portion of the total benefit? **Yes**

TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at the other City. However, TERS will NEVER splice salary history from two separate sources to determine AFC.

Yes, however employees hired after 12/31/2014 it is a three AFC

If so:

Does the other city calculate AFC under their rules, and report it to you for comparison?

Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.

Yes

No

Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?

No

N/A

Yes, we would ask for full salary and calculate under SERS Rules

How is SVC calculated?

Does the SVC earned with the other city impact the calculation of your city's benefits in any way?

Possibly

Yes

No

	Seattle	Tacoma	Spokane	DRS
If so, how?	The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.	SVC earned with the other City will be utilized in the determination of TERS retirement eligibility by adding that City's SVC to the SVC accrued with Tacoma. For instance, an employee works part-time with Tacoma, accrues 5 years of TERS SVC, separates from Tacoma, defers with TERS and takes a full-time position with another portable system. That employee then works 20 years at the other City and reaches age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (5) and other City SVC (20) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.		
Are there any other quirks or special circumstances that may arise?		These responses assume that the employee either deferred with TERS upon separation from Tacoma OR withdrew their TERS funds at the time of separation from Tacoma but repurchased their previous TERS service within the permitted timeframe.	None known	

2. Employee works FT with another city, then terminates and works PT with your city. For your city's portion of their retirement benefit: How is AFC calculated?

Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?	Yes	TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at the other City. However, TERS will NEVER splice salary history from two separate sources to determine AFC.	Yes, however employees hired after 12/31/2014 it is a three AFC
If so:			
Does the other city calculate AFC under their rules, and report it to you for comparison?	Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	Yes	No

	Seattle	Tacoma	Spokane	DRS
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A	Yes, we would ask for full salary and calculate under SERS Rules	
How is SVC calculated?				
Does the SVC earned with the other city impact the calculation of your city's benefits in any way?	Yes	Yes	No	
If so, how?	The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.	SVC with the other City will be utilized in the determination of TERS retirement eligibility by adding that City's SVC to the SVC accrued with Tacoma. For instance, an employee works full-time for 20 years with another City, then separates from and defers with that system, moves to a part-time position with Tacoma, accrues 5 years of TERS SVC and separates at age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (5) and other City SVC (20) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.		
Are there any other quirks or special circumstances that may arise?		These responses assume that the employee either deferred with the other City upon separation from that City OR withdrew their funds at the time of separation from that City but repurchased their previous service within the permitted timeframe.		None known

	Seattle	Tacoma	Spokane	DRS
3. Employee works PT with your city and concurrently works FT with another city. For your city's portion of their retirement benefit: How is AFC calculated?				
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?	Yes	TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at the other City. However, TERS will NEVER splice salary history from two separate sources to determine AFC.	Yes, however employees hired after 12/31/2014 it is a three AFC	
If so:				
Does the other city calculate AFC under their rules, and report it to you for comparison?	Yes	Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	No	
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A	Yes, we would ask for full salary and calculate under SERS Rules	
To which system is the SVC assigned?			SERS would use City of Spokane SVC	
How is this determined?	The assigning of service credit is handled on a case by case basis.	Assuming the part-time TERS employment started <u>first</u> and then the member took a full-time other City portable position, the service credit earned from the other City will be counted to determine retirement eligibility; however, the total combined service credit should not exceed more than one month of service per month of work. For example, a member working 60% part-time with TERS and 100% with another portable City will only get combined SVC up to a maximum of 100%, not 160%.		

	Seattle	Tacoma	Spokane	DRS
Are there any other quirks or special circumstances that may arise?	We work with the other system to determine which system needs to reduce their service	If the order were reversed (full-time with another City and THEN part-time with TERS, our response would have to be revised. The reverse situation would be complicated, and TERS would likely seek an external legal opinion to determine exactly how both AFC and SVC would be applied for a TERS benefit.	None known	
4. Employee works FT with your city, then terminates and works PT with another city. For your city's portion of their retirement benefit: How is AFC calculated?				
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?	Yes	TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at the other City. However, TERS will NEVER splice salary history from two separate sources to determine AFC.	Yes, however employees hired after 12/31/2014 it is a three AFC	
If so:				
Does the other city calculate AFC under their rules, and report it to you for comparison?	Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.		Yes	No
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A		Yes, we would ask for full salary and calculate under SERS Rules
How is SVC calculated?				
Does the SVC earned with the other city impact the calculation of your city's benefits in any way?	Possibly	Yes	No	

	Seattle	Tacoma	Spokane	DRS
If so, how?	The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.	SVC with the other City will be utilized in the determination of TERS retirement eligibility by adding that City's SVC to the SVC accrued with Tacoma. For instance, an employee works full-time with Tacoma, accrues 5 years of TERS SVC, separates from Tacoma, defers with TERS and takes a part-time position with another portable City system. That employee then accrues 20 SVC years at the other City and reaches age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (5) and other City SVC (20) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.		

Are there any other quirks or special circumstances that may arise?

	These responses assume that the employee either deferred with TERS upon separation from Tacoma OR withdrew their funds at the time of separation from Tacoma but repurchased their previous service within the permitted timeframe.	None known
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5. Employee works PT with another city, then terminates and works FT with your city. For your city's portion of their retirement benefit:

How is AFC calculated?

Do you use the highest of the two AFCs to calculate your city's portion of the total benefit? Yes	TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at the other City. However, TERS will NEVER splice salary history from two separate sources to determine AFC.	Yes, however employees hired after 12/31/2014 it is a three AFC
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If so:

	Seattle	Tacoma	Spokane	DRS
Does the other city calculate AFC under their rules, and report it to you for comparison?	Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	Yes	No	
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A	Yes, we would ask for full salary and calculate under SERS Rules	
How is SVC calculated?				
Does the SVC earned with the other city impact the calculation of your city's benefits in any way?	Possibly	Yes	No	
If so, how?	The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.	SVC with the other City will be utilized in the determination of TERS retirement eligibility by adding that City's SVC to the SVC accrued with Tacoma. For instance, an employee works part-time with another City, accrues 5 years of SVC with that other City, separates from that City, defers with that City and takes a full-time position with Tacoma. That employee then accrues 20 SVC years at TERS and reaches age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (20) and other City SVC (5) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.		

	Seattle	Tacoma	Spokane	DRS
Are there any other quirks or special circumstances that may arise?		These responses assume that the employee either deferred with the other City upon separation OR withdrew their funds at the time of separation from the other City but repurchased their previous service within the permitted timeframe.	None known	

	Seattle	Tacoma	Spokane	DRS
6. Employee works FT with your city and concurrently works PT with another city. For your city's portion of their retirement benefit: How is AFC calculated?				
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?	Yes	Assuming the full-time TERS employment started <u>first</u> and then the member took a part-time position with another City, TERS would only look to Tacoma's payroll records to calculate the AFC. It would be the highest consecutive 24 months of TERS eligible wages, not to exceed 2,080 hours per year.	Yes, however employees hired after 12/31/2014 it is a three AFC	
If so:				
Does the other city calculate AFC under their rules, and report it to you for comparison?	Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	N/A	No	
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A	Yes, we would ask for full salary and calculate under SERS Rules	
To which system is the SVC assigned?				
	The assigning of service credit is handled on a case by case basis.		SERS would use City of Spokane SVC	
How is this determined?	We work with the other system to determine which system needs to reduce their service.	TERS would grant full service credit in TERS and use TERS figures to determine AFC; AFC and SVC earned at the other City would not be considered.		
Are there any other quirks or special circumstances that may arise?				
		If the order were reversed (part-time with another portable City and THEN full-time with TERS, our response would have to be revised. The reverse situation would be complicated, and TERS would likely seek an external legal opinion to determine exactly how both AFC and SVC would be applied for a TERS benefit.	None known	

Handout

	Seattle	Tacoma	Spokane	DRS
7. Employee works PT with your city, then terminates and works PT with another city. For your city's portion of their retirement benefit: How is AFC calculated?				
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?	Yes	TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at the other City. However, TERS will NEVER splice salary history from two separate sources to determine AFC.	Yes, however employees hired after 12/31/2014 it is a three AFC	
If so:				
Does the other city calculate AFC under their rules, and report it to you for comparison?	Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	Yes	No	
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A	Yes, we would ask for full salary and calculate under SERS Rules	
How is SVC calculated?				
Does the SVC earned with the other city impact the calculation of your city's benefits in any way?	Possibly	Yes	No	

	Seattle	Tacoma	Spokane	DRS
If so, how?	The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.	SVC with the other City will be utilized in the determination of TERS retirement eligibility by adding that City's SVC to the SVC accrued with Tacoma. For instance, an employee works part-time for 5 years of credited service with Tacoma, then separates from and defers with TERS, moves to a part-time position with another portable City system and accrues 20 years of SVC and separates at age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (5) and other City SVC (20) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.		

Are there any other quirks or special circumstances that may arise?

	These responses assume that the employee either deferred with TERS upon separation from Tacoma OR withdrew their funds at the time of separation from Tacoma but repurchased their previous service within the permitted timeframe.	None known
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8. Employee works PT with another city, then terminates and works PT with your city. For your city's portion of their retirement benefit:

How is AFC calculated?

Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?	Yes	TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at the other City. However, TERS will NEVER splice salary history from two separate sources to determine AFC.	Yes, however employees hired after 12/31/2014 it is a three AFC
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If so:

	Seattle	Tacoma	Spokane	DRS
Does the other city calculate AFC under their rules, and report it to you for comparison?	Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	Yes	No	
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A	Yes, we would ask for full salary and calculate under SERS Rules	
How is SVC calculated?				
Does the SVC earned with the other city impact the calculation of your city's benefits in any way?	Possibly	Yes	No	

If so, how?

The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.

If so, how? SVC with the other City will be utilized in the determination of TERS retirement eligibility by adding that City's SVC to the SVC accrued with Tacoma. For instance, an employee works part-time for 5 years of credited service with another portable City, then separates from and defers from that system, moves to a part-time position with Tacoma and accrues 20 years of SVC and separates at age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (20) and other City SVC (5) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.

	Seattle	Tacoma	Spokane	DRS
Are there any other quirks or special circumstances that may arise?				
		These responses assume that the employee either deferred with the other portable City upon separation OR withdrew their funds at the time of separation from the other City but repurchased their previous service within the permitted timeframe.	None known	
9. Employee works PT with your city and concurrently works PT with another city. For your city's portion of their retirement benefit: How is AFC calculated?				
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?	Yes	TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at the other City. However, TERS will NEVER splice salary history from two separate sources to determine AFC. TERS would likely seek an external legal opinion to determine exactly how both AFC would be applied for a TERS benefit.	Yes, however employees hired after 12/31/2014 it is a three AFC	
If so:				
Does the other city calculate AFC under their rules, and report it to you for comparison?	Yes	Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	No	
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A	Yes, we would ask for full salary and calculate under SERS Rules	
To which system is the SVC assigned?				
		The assigning of service credit is handled on a case by case basis.	SERS would use City of Spokane SVC	

	Seattle	Tacoma	Spokane	DRS
How is this determined?	We work with the other system to determine which system needs to reduce their service.	Assuming the part-time TERS employment started first and then the member took a part-time other portable City position, TERS would grant the incremental service credit in TERS and then add in the SVC from the other City up to a maximum of 100%. For example, with 50% SVC with TERS and 75% with other portable City system, the member will only get SVC credit up to 100%, not 125%.		
Are there any other quirks or special circumstances that may arise?				
		TERS would likely seek an external legal opinion to determine exactly how both AFC and SVC would be applied for a TERS benefit.	None known	
10. Employee works PT with a city, then terminates and works FT with a DRS employer (Plan 2). For the city's portion of the retirement benefit:				
How is AFC calculated?		TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or with DRS. However, TERS will NEVER splice salary history from two separate sources to determine AFC.		
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?	Yes	Yes	Yes, however employees hired after 12/31/2014 it is a three AFC	
If so:		N/A		
Does DRS calculate it under their rules, and report it to you for comparison?		Yes	No	
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A	Yes, we would ask for full salary and calculate under SERS Rules	

	Seattle	Tacoma	Spokane	DRS
How is SVC calculated?	<p>Possibly Yes No</p>			
Does the SVC earned in the DRS plan impact the calculation of your city's benefits in any way?				
If so, how?	<p>The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.</p>	<p>SVC with the other City will be utilized in the determination of TERS retirement eligibility by adding that City's SVC to the SVC accrued with Tacoma. For instance, an employee works part-time for 5 years of credited service with Tacoma, then separates from and defers with TERS, moves to a full-time position with another DRS portable system and accrues 20 years of SVC and separates at age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (5) and other DRS SVC (20) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.</p>		

For the DRS portion of the retirement benefit:

How is AFC calculated?				<p>The AFC at DRS is calculated using the highest consecutive 60 months of earnings. If there are gaps in employment, the AFC period could be longer than 60 months.</p>
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?		- N/A FOR TERS		<p>DRS uses the highest 60 month AFC whether it is from DRS or a FCC</p>
If so:				

	Seattle	Tacoma	Spokane	DRS
Does the city calculate it under their rules, and report it to you for comparison?		- N/A FOR TERS		The city gives us a 60 month AFC according to their rules.
Or do they provide you with full salary and service data so you can calculate both AFCs under DRS' rules?		- N/A FOR TERS		Only if we need it for analyzing overlapping service.
How is SVC calculated?				For plan 2 DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.
Does the SVC earned with the city impact the calculation of your city's benefits in any way?		- N/A FOR TERS		It can.
If so, how?		- N/A FOR TERS		If by combining service credit the member reaches 30 years of service and can then retire early with an unreduced benefit, or if the member reaches 20 years combined to retire early with a reduced benefit.

	Seattle	Tacoma	Spokane	DRS
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Are there any other quirks or special circumstances that may arise under this scenario?

These responses assume that the employee either deferred with TERS upon separation OR withdrew their funds at the time of separation from TERS but repurchased their previous service within the permitted timeframe.

If the member had overlapping service credit, we at DRS will do a member audit to remove the overlapping service credit from our side so that the member still has only 1 service credit per month.

11. Employee works FT with a DRS employer (Plan 2), then terminates and works PT with a city. For the city's portion of the retirement benefit:

How is AFC calculated?

Do you use the highest of the two AFCs to calculate your city's portion of the total benefit? **Yes**

TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or with DRS. However, TERS will NEVER splice salary history from two separate sources to determine AFC.

Yes, however employees hired after 12/31/2014 it is a three AFC

If so:

Does DRS calculate it under their rules, and report it to you for comparison?

Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	Yes	No
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A
Does the SVC earned in the DRS plan impact the calculation of your city's benefits in any way?	Possibly	Yes
		No

Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?

How is SVC calculated?

Does the SVC earned in the DRS plan impact the calculation of your city's benefits in any way?

	Seattle	Tacoma	Spokane	DRS
If so, how?	The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.	SVC with DRS will be utilized in the determination of TERS retirement eligibility by adding that City's SVC to the SVC accrued with Tacoma. For instance, an employee works full-time for 20 years with another DRS system, then separates from and defers with that system, moves to a part-time position with Tacoma, accrues 5 years of TERS SVC and separates at age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (5) and other DRS SVC (20) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.		

For the DRS portion of the retirement benefit:

How is AFC calculated?				The AFC at DRS is calculated using the highest consecutive 60 months of earnings. If there are gaps in employment, the AFC period could be longer than 60 months.
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?		- N/A FOR TERS		DRS uses the highest 60 month AFC whether it is from DRS or a FCC
If so: Does the city calculate it under their rules, and report it to you for comparison?		- N/A FOR TERS		The city gives us a 60 month AFC according to their rules.
Or do they provide you with full salary and service data so you can calculate both AFCs under DRS' rules?		- N/A FOR TERS		Only if we need it for analyzing overlapping service.

	Seattle	Tacoma	Spokane	DRS
How is SVC calculated?				For plan 2 DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.
Does the SVC earned with the city impact the calculation of your city's benefits in any way?		- N/A FOR TERS		It can.
If so, how?		- N/A FOR TERS		If by combining service credit the member reaches 30 years of service and can then retire early with an unreduced benefit, or if the member reaches 20 years combined to retire early with a reduced benefit.
Are there any other quirks or special circumstances that may arise under this scenario?				
		These responses assume that the employee either deferred with DRS upon separation OR withdrew their funds at the time of separation from DRS but repurchased their previous service within the permitted timeframe.		If the member had overlapping service credit, we at DRS will do a member audit to remove the overlapping service credit from our side so that the member still has only 1 service credit per month.

	Seattle	Tacoma	Spokane	DRS
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**12. Employee works PT with a city, then terminates and works FT with a DRS employer (Plan 3):
For the city's portion of the retirement benefit:**

How is AFC calculated?

Do you use the highest of the two AFCs to calculate your city's portion of the total benefit? Yes

TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or with DRS. However, TERS will NEVER splice salary history from two separate sources to determine AFC.

Yes, however employees hired after 12/31/2014 it is a three AFC

If so:

Does DRS calculate it under their rules, and report it to you for comparison?

Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	Yes	No	
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	N/A	Yes, we would ask for full salary and calculate under SERS Rules	
How is SVC calculated?			
Does the SVC earned with the DRS plan impact the calculation of your city's benefits in any way?	Possibly	Yes	No

Seattle

Tacoma

Spokane

DRS

If so, how?

The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.

SVC with DRS will be utilized in the determination of TERS retirement eligibility by adding that City's SVC to the SVC accrued with Tacoma. For instance, an employee works part-time for 5 years of credited service with Tacoma, then separates from and defers with TERS, moves to a full-time position with another DRS portable system and accrues 20 years of SVC and separates at age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (5) and other DRS SVC (20) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.

For the DRS portion of the retirement benefit:

How is AFC calculated?

The AFC at DRS is calculated using the highest consecutive 60 months of earnings. If there are gaps in employment, the AFC period could be longer than 60 months.

Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?

- N/A FOR TERS

DRS uses the highest 60 month AFC whether it is from DRS or a FCC.

If so:
Does the city calculate it under their rules, and report it to you for comparison?

- N/A FOR TERS

The city gives us a 60 month AFC according to their rules.

	Seattle	Tacoma	Spokane	DRS
Or do they provide you with full salary and service data so you can calculate both AFCs under DRS' rules?		- N/A FOR TERS		Only if we need it for analyzing overlapping service.
How is SVC calculated?				For plan 3 DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.
Does the SVC earned with the other city impact the calculation of the state portion of benefits in any way?		- N/A FOR TERS		It can.
If so, how?		- N/A FOR TERS		If by combining service credit the member reaches 30 years of service and can then retire early with an unreduced benefit, or if the member reaches 20 years combined to retire early with a reduced benefit.

Are there any other quirks or special circumstances that may arise under this scenario?

		These responses assume that the employee either deferred with TERS upon separation OR withdrew their funds at the time of separation from TERS but repurchased their previous service within the permitted timeframe.		If the member had overlapping service credit, we at DRS will do a member audit to remove the overlapping service credit from our side so that the member still has only 1 service credit per month.
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	Seattle	Tacoma	Spokane	DRS
13. Employee works FT with a DRS employer (Plan 3), then terminates and works PT with a city: For the city's portion of the retirement benefit:				

How is AFC calculated?

Do you use the highest of the two AFCs to calculate your city's portion of the total benefit? **Yes**

TERS would use the highest consecutive 24 months of TERS eligible wages to determine AFC, whether that was with Tacoma or with DRS. However, TERS will NEVER splice salary history from two separate sources to determine AFC.

Yes, however employees hired after 12/31/2014 it is a three AFC

If so:

Does DRS calculate it under their rules, and report it to you for comparison?

Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	Yes	No
No	N/A	Yes, we would ask for full salary and calculate under SERS Rules
Possibly	Yes	No

Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?

How is SVC calculated?

Does the SVC earned with the DRS plan impact the calculation of your city's benefits in any way?

	Seattle	Tacoma	Spokane	DRS
If so, how?	The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.	SVC with DRS will be utilized in the determination of TERS retirement eligibility by adding the DRS SVC to the SVC accrued with Tacoma. For instance, an employee works full-time for 20 years with another DRS system, then separates from and defers with that system, moves to a part-time position with Tacoma, accrues 5 years of TERS SVC and separates at age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (5) and other DRS SVC (20) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.		

For the DRS portion of the retirement benefit:

How is AFC calculated?				The AFC at DRS is calculated using the highest consecutive 60 months of earnings. If there are gaps in employment, the AFC period could be longer than 60 months.
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?		- N/A FOR TERS		DRS uses the highest 60 month AFC whether it is from DRS or a FCC.
If so: Does the city calculate it under their rules, and report it to you for comparison?		- N/A FOR TERS		The city gives us a 60 month AFC according to their rules.
Or do they provide you with full salary and service data so you can calculate both AFCs under DRS' rules?		- N/A FOR TERS		Only if we need it for analyzing overlapping service.

	Seattle	Tacoma	Spokane	DRS
How is SVC calculated?				For plan 3 DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.
Does the SVC earned with the other city impact the calculation of the state portion of benefits in any way?		- N/A FOR TERS		It can.
If so, how?		- N/A FOR TERS		If by combining service credit the member reaches 30 years of service and can then retire early with an unreduced benefit, or if the member reaches 20 years combined to retire early with a reduced benefit.

Are there any other quirks or special circumstances that may arise under this scenario?

		These responses assume that the employee either deferred with DRS upon separation OR withdrew their funds at the time of separation from DRS but repurchased their previous service within the permitted timeframe.		If the member had overlapping service credit, we at DRS will do a member audit to remove the overlapping service credit from our side so that the member still has only 1 service credit per month.
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**14. Employee works PT with a city and concurrently works FT with a DRS employer (Plan 2):
For the city's portion of the retirement benefit:**

How is AFC calculated?				
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit? Yes		TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at the other DRS system. However, TERS will NEVER splice salary history from two separate sources to determine AFC.	Yes, however employees hired after 12/31/2014 it is a three AFC	
If so:				

	Seattle	Tacoma	Spokane	DRS
Does DRS calculate it under their rules, and report it to you for comparison?	Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	Yes	No	
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A	Yes, we would ask for full salary and calculate under SERS Rules	
To which system is SVC assigned?	The assigning of service credit is handled on a case by case basis.		SERS would use City of Spokane SVC	
How is this determined?	We work with the other system to determine which system needs to reduce their service.	Assuming the part-time TERS employment started <u>first</u> and then the member took a full-time DRS eligible position, the service credit earned from DRS will be counted to determine retirement eligibility; however, the total combined service credit should not exceed more than one month of service per month of work. For example, a member working 60% part-time with TERS and 100% with DRS will only get combined SVC up to a maximum of 100%, not 160%.		

For the DRS portion of the retirement benefit:

Exception: LEOFF 2 does not have concurrent membership rules, therefore compensation in this plan cannot be combined with other plans per RCW 41.26.030.

	Seattle	Tacoma	Spokane	DRS
How is AFC calculated?				The AFC for concurrent members with an FCC: Use the AFC worksheet to combine the monthly compensations for the highest consecutive 60 months according to DRS rules.
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?		- N/A FOR TERS		No
If so: Does the city calculate it under their rules, and report it to you for comparison?		- N/A FOR TERS		No
Or do they provide you with full salary and service data so you can calculate both AFCs under DRS' rules?		- N/A FOR TERS		Yes
How is SVC calculated?				For concurrent members, DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.
To which system is SVC assigned?		- N/A FOR TERS		If the combined SVC is over 1 full service credit then an audit will be done to remove the excess service credit from the DRS system.

	Seattle	Tacoma	Spokane	DRS
How is this determined?		- N/A FOR TERS		For concurrent members, DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.
Are there any other quirks or special circumstances that may arise under this scenario?				
		If the order were reversed (full-time with a DRS employer and THEN part-time with TERS, our response would have to be revised. The reverse situation would be complicated, and TERS would likely seek an external legal opinion to determine exactly how both AFC and SVC would be applied for a TERS benefit.		If the member had overlapping service credit, we at DRS will do a member audit to remove the overlapping service credit from our side so that the member still has only 1 service credit per month.
15. Employee works PT with a city and concurrently works FT with a DRS employer (Plan 3): For the city's portion of the retirement benefit:				
How is AFC calculated?				
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?	Yes	TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at the other DRS system. However, TERS will NEVER splice salary history from two separate sources to determine AFC.	Yes, however employees hired after 12/31/2014 it is a three AFC	
If so:				
Does DRS calculate it under their rules, and report it to you for comparison?		Yes	No	
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A	Yes, we would ask for full salary and calculate under SERS Rules	

	Seattle	Tacoma	Spokane	DRS
To which system is SVC assigned?	The assigning of service credit is handled on a case by case basis.		SERS would use City of Spokane SVC	
How is this determined?	We work with the other system to determine which system needs to reduce their service.	Assuming the part-time TERS employment started <u>first</u> and then the member took a full-time DRS eligible position, the service credit earned from DRS will be counted to determine retirement eligibility; however, the total combined service credit should not exceed more than one month of service per month of work. For example, a member working 60% part-time with TERS and 100% with DRS will only get combined SVC up to a maximum of 100%, not 160%.		
For the DRS portion of the retirement benefit:				
How is AFC calculated?				The AFC for concurrent members with an FCC: Use the AFC worksheet to combine the monthly compensations for the highest consecutive 60 months according to DRS rules.
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?		- N/A FOR TERS		Not necessarily

	Seattle	Tacoma	Spokane	DRS
If so:				
Does the city calculate it under their rules, and report it to you for comparison?		- N/A FOR TERS		
Or do they provide you with full salary and service data so you can calculate both AFCs under DRS' rules?		- N/A FOR TERS		Yes, when we need it.
How is SVC calculated?				DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.
Does the SVC earned with the other city impact the calculation of the state portion of benefits in any way?		- N/A FOR TERS		It can.
If so, how?		- N/A FOR TERS		For concurrent members, DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.

Seattle	Tacoma	Spokane	DRS
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Are there any other quirks or special circumstances that may arise under this scenario?

If the order were reversed (full-time with a DRS employer and THEN part-time with TERS our response would have to be revised. The reverse situation would be complicated, and TERS would likely seek an external legal opinion to determine exactly how both AFC and SVC would be applied for a TERS benefit.

If the member had overlapping service credit, we at DRS will do a member audit to remove the overlapping service credit from our side so that the member still has only 1 service credit per month.

16. Employee works FT with a city, then terminates and works PT with a DRS employer (Plan 2):

For the city's portion of the retirement benefit:

How is AFC calculated?

Do you use the highest of the two AFCs to calculate your city's portion of the total benefit? **Yes**

TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at the other City. However, TERS will NEVER splice salary history from two separate sources to determine AFC.

Yes, however employees hired after 12/31/2014 it is a three AFC.

If so:

Does DRS calculate it under their rules, and report it to you for comparison?

Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	Yes	No
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A
How is SVC calculated?		Yes, we would ask for full salary and calculate under SERS Rules
Does the SVC earned with the DRS plan impact the calculation of your city's benefits in any way?	Possibly	Yes
		SERS would use City of Spokane SVC
		No

	Seattle	Tacoma	Spokane	DRS
If so, how?	The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.	SVC with the other City will be utilized in the determination of TERS retirement eligibility by adding that City's SVC to the SVC accrued with Tacoma. For instance, an employee works full-time with Tacoma, accrues 5 years of TERS SVC, separates from Tacoma, defers with TERS and takes a part-time position with another DRS portable system. That employee then accrues 20 SVC years at the other DRS system and reaches age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (5), and other DRS system SVC (20) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.		

For the DRS portion of the retirement benefit:

How is AFC calculated?				The AFC at DRS is calculated using the highest consecutive 60 months of earnings. If there are gaps in employment, the AFC period could be longer than 60 months.
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?		- N/A FOR TERS		Yes
If so: Does the city calculate it under their rules, and report it to you for comparison?		- N/A FOR TERS		Yes

	Seattle	Tacoma	Spokane	DRS
Or do they provide you with full salary and service data so you can calculate both AFCs under DRS's rules?		- N/A FOR TERS		If we request it.
How is SVC calculated?				DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.
Does the SVC earned with the city impact the calculation of the state portion of benefits in any way?		- N/A FOR TERS		It can.
If so, how?		- N/A FOR TERS		If by combining service credit the member reaches 30 years of service and can then retire early with an unreduced benefit, or if the member reaches 20 years combined to retire early with a reduced benefit.

	Seattle	Tacoma	Spokane	DRS
Are there any other quirks or special circumstances that may arise under this scenario?				
		These responses assume that the employee either deferred with TERS upon separation OR withdrew their funds at the time of separation from TERS but repurchased their previous service within the permitted timeframe.		
17. Employee works PT with a DRS employer (Plan 2), then terminates and works FT with a city:				
For the city's portion of the retirement benefit:				
How is AFC calculated?				
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?	Yes	TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at the other City. However, TERS will NEVER splice salary history from two separate sources to determine AFC.		Yes, however employees hired after 12/31/2014 it is a three AFC.
If so:				
Does DRS calculate it under their rules, and report it to you for comparison?		Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	Yes	No
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A		Yes, we would ask for full salary and calculate under SERS Rules
How is SVC calculated?				SERS would use City of Spokane SVC
Does the SVC earned with the DRS plan impact the calculation of your city's benefits in any way?	Possibly	Yes		No

	Seattle	Tacoma	Spokane	DRS
If so, how?	The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.	SVC with DRS will be utilized in the determination of TERS retirement eligibility by adding that City's SVC to the SVC accrued with Tacoma. For instance, an employee works part-time with a DRS system, accrues 5 years of SVC with that other system, separates from DRS, defers with DRS and takes a full-time position with Tacoma. That employee then accrues 20 SVC years at TERS and reaches age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (20) and DRS SVC (5) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.		

For the DRS portion of the retirement benefit:

How is AFC calculated?				The AFC at DRS is calculated using the highest consecutive 60 months of earnings. If there are gaps in employment, the AFC period could be longer than 60 months.
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?		- N/A FOR TERS		Yes
If so: Does the city calculate it under their rules, and report it to you for comparison?		- N/A FOR TERS		The city will give us a 60 month AFC using their earnings and rules.

	Seattle	Tacoma	Spokane	DRS
Or do they provide you with full salary and service data so you can calculate both AFCs under DRS's rules?		- N/A FOR TERS		Only if we request it.
How is SVC calculated?				DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.
Does the SVC earned with the city impact the calculation of the state portion of benefits in any way?		- N/A FOR TERS		It can.
If so, how?		- N/A FOR TERS		If by combining service credit the member reaches 30 years of service and can then retire early with an unreduced benefit, or if the member reaches 20 years combined to retire early with a reduced benefit.
Are there any other quirks or special circumstances that may arise under this scenario?				These responses assume that the employee either deferred with DRS upon separation OR withdrew their funds at the time of separation from DRS but repurchased their previous service within the permitted timeframe.

	Seattle	Tacoma	Spokane	DRS
18. Employee works FT with a city, then terminates and works PT with a DRS employer (Plan 3). For the city's portion of the retirement benefit:				
How is AFC calculated?				
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit? Yes		TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at DRS. TERS will NEVER splice salary history from two separate sources to determine AFC.		Yes, however employees hired after 12/31/2014 it is a three AFC
If so:				
Does DRS calculate it under their rules, and report it to you for comparison?		Yes		No
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?		N/A		Yes, we would ask for full salary and calculate under SERS Rules
How is SVC calculated?				SERS would use City of Spokane SVC
Does the SVC earned with DRS plan impact the calculation of your city's benefits in any way?	Possibly	Yes		No

	Seattle	Tacoma	Spokane	DRS
If so, how?	The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.	SVC with DRS will be utilized in the determination of TERS retirement eligibility by adding that City's SVC to the SVC accrued with Tacoma. For instance, an employee works full-time with Tacoma, accrues 5 years of TERS SVC, separates from Tacoma, defers with TERS and takes a part-time position with another portable DRS system. That employee then accrues 20 SVC years at the other DRS employer and reaches age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (5) and DRS SVC (20) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.		
For the DRS portion of the retirement benefit:				
How is AFC calculated?				The AFC at DRS is calculated using the highest consecutive 60 months of earnings. If there are gaps in employment, the AFC period could be longer than 60 months.
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?		- N/A FOR TERS		Yes
If so: Does the city calculate it under their rules, and report it to you for comparison?		- N/A FOR TERS		The city will give us a 60 month AFC using their earnings and rules.

	Seattle	Tacoma	Spokane	DRS
Or do they provide you with full salary and service data so you can calculate both AFCs under DRS's rules?		- N/A FOR TERS		Only if we request it.
How is SVC calculated?				DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.
Does the SVC earned with the other city impact the calculation of the state portion of benefits in any way?		- N/A FOR TERS		It can.
If so, how?		- N/A FOR TERS		If by combining service credit the member reaches 30 years of service and can then retire early with an unreduced benefit, or if the member reaches 20 years combined to retire early with a reduced benefit.

Are there any other quirks or special circumstances that may arise under this scenario?

These responses assume that the employee either deferred with TERS upon separation OR withdrew their funds at the time of separation from TERS but repurchased their previous service within the permitted timeframe.

	Seattle	Tacoma	Spokane	DRS
19. Employee works PT with DRS employer (Plan 3), then terminates and works FT with a city: For the city's portion of the retirement benefit:				
How is AFC calculated?				
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit? Yes		TERS would use the highest consecutive 24 months wages to determine AFC, whether that was with Tacoma or at DRS. TERS will NEVER splice salary history from two separate sources to determine AFC.		Yes, however employees hired after 12/31/2014 it is a three AFC
If so:				
Does DRS calculate it under their rules, and report it to you for comparison?		Yes		No
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A		Yes, we would ask for full salary and calculate under SERS Rules
How is SVC calculated?				SERS would use City of Spokane SVC
Does the SVC earned with DRS plan impact the calculation of your city's benefits in any way?	Possibly	Yes		No

	Seattle	Tacoma	Spokane	DRS
If so, how?	The members factor % could be higher based on the combined service. Members that do not have enough city time alone to vest would be eligible for a pension.	SVC with the other City will be utilized in the determination of TERS retirement eligibility by adding that City's SVC to the SVC accrued with Tacoma. For instance, an employee works part-time with a DRS system, accrues 5 years of SVC with that system, separates from DRS, defers with DRS and takes a full-time position with Tacoma. That employee then accrues 20 SVC years at TERS and reaches age 55. TERS grants full retirement under the "Rule of 80" where if an employee's age and years of service sum to 80 they receive a factor of 2.0. In this case, the employee's age (55), TERS SVC (20) and DRS SVC (5) would all be added together and the employee would qualify for a full 2.0 factor retirement under the rule of 80.		

For the DRS portion of the retirement benefit:

How is AFC calculated?				The AFC at DRS is calculated using the highest consecutive 60 months of earnings. If there are gaps in employment, the AFC period could be longer than 60 months.
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?		- N/A FOR TERS		Yes
If so: Does the city calculate it under their rules, and report it to you for comparison?		- N/A FOR TERS		The city will give us a 60 month AFC using their earnings and rules.

	Seattle	Tacoma	Spokane	DRS
Or do they provide you with full salary and service data so you can calculate both AFCs under DRS's rules?		- N/A FOR TERS		Only if we ask
How is SVC calculated?				DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.
Does the SVC earned with the other city impact the calculation of the state portion of benefits in any way?		- N/A FOR TERS		It can.
If so, how?		- N/A FOR TERS		If by combining service credit the member reaches 30 years of service and can then retire early with an unreduced benefit, or if the member reaches 20 years combined to retire early with a reduced benefit.

Are there any other quirks or special circumstances that may arise under this scenario?

These responses assume that the employee either deferred with DRS upon separation OR withdrew their funds at the time of separation from DRS but repurchased their previous service within the permitted timeframe.

	Seattle	Tacoma	Spokane	DRS
20. Employee works FT with a city and concurrently works PT with a DRS employer (Plan 2).				
For the city's portion of the retirement benefit:				
How is AFC calculated?		Assuming the full-time TERS employment started <u>first</u> and then the member took a part-time DRS eligible position, TERS would only look to Tacoma's payroll records to calculate the AFC. It would be the highest consecutive 24 months of TERS eligible wages, not to exceed 2,080 hours per year.		
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?	Yes	TERS would grant full service credit in TERS and use TERS figures to determine AFC; AFC earned at DRS would not be considered.		Yes, however employees hired after 12/31/2014 it is a three AFC
If so:				
Does DRS calculate it under their rules, and report it to you for comparison?		N/A		No
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A		Yes, we would ask for full salary and calculate under SERS Rules
To which system is SVC assigned?		The assigning of service credit is handled on a case by case basis.		SERS would use City of Spokane SVC
How is this determined?	We work with the other system to determine which system needs to reduce their service.	Assuming the full-time TERS employment started first and then the member took a part-time DRS eligible position, TERS would grant full service credit in TERS; DRS SVC would be N/A.		SERS would use City of Spokane SVC

	Seattle	Tacoma	Spokane	DRS
For the DRS portion of the retirement benefit:				
How is AFC calculated?				Exception: LEOFF 2 does not have concurrent membership rules, therefore compensation in this plan cannot be combined with other plans per RCW 41.26.030. The AFC for concurrent members with an FCC: Use the AFC worksheet to combine the monthly compensations for the highest consecutive 60 months according to DRS rules.
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?		- N/A FOR TERS		No
If so: Does the city calculate it under their rules, and report it to you for comparison?		- N/A FOR TERS		
Or do they provide you with full salary and service data so you can calculate both AFCs under DRS's rules?		- N/A FOR TERS		Yes
How is SVC calculated?				DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.

	Seattle	Tacoma	Spokane	DRS
Does the SVC earned with the other city impact the calculation of the state portion of benefits in any way?		- N/A FOR TERS		Yes
If so, how?		- N/A FOR TERS		If the member had overlapping service credit, we at DRS will do a member audit to remove the overlapping service credit from our side so that the member still has only 1 service credit per month.
Are there any other quirks or special circumstances that may arise under this scenario?				
		If the order were reversed (part-time with a DRS employer and THEN full-time with TERS, our response would have to be revised. The reverse situation would be complicated, and TERS would likely seek an external legal opinion to determine exactly how both AFC and SVC would be applied for a TERS benefit.		If by combining service credit the member reaches 30 years of service and can then retire early with an unreduced benefit, or if the member reaches 20 years combined to retire early with a reduced benefit.

**21. Employee works FT with a city and concurrently works PT with a DRS employer (Plan 3)
For the city's portion of the retirement benefit:**

How is AFC calculated?		Assuming the full-time TERS employment started <u>first</u> and then the member took a part-time DRS eligible position, TERS would only look to Tacoma's payroll records to calculate the AFC. It would be the highest consecutive 24 months of TERS eligible wages, not to exceed 2,080 hours per year.		
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit? Yes		TERS would grant full service credit in TERS and use TERS figures to determine AFC; AFC earned at DRS would not be considered.		
If so:				

Handout

	Seattle	Tacoma	Spokane	DRS
Does DRS calculate it under their rules, and report it to you for comparison?	Most likely, we do not reach out for clarification on which rules were followed when providing the AFC. We would want the AFC provided to follow our rules.	N/A		
Or do they provide you with full salary and service data so you can calculate both AFCs under your city's rules?	No	N/A		
To which system is SVC assigned?				
How is this determined?	The assigning of service is handled on a case by case basis.	Assuming the full-time TERS employment started first and then the member took a part-time DRS eligible position, TERS would grant full service credit in TERS; DRS SVC would be N/A.		
For the DRS portion of the retirement benefit:				
	We work with the other system to determine which system needs to reduce their service.			
How is AFC calculated?		- N/A FOR TERS		The AFC for concurrent members with an FCC: Use the AFC worksheet to combine the monthly compensations for the highest consecutive 60 months according to DRS rules.
Do you use the highest of the two AFCs to calculate your city's portion of the total benefit?				Not necessarily

	Seattle	Tacoma	Spokane	DRS
If so:		- N/A FOR TERS		
Does the city calculate it under their rules, and report it to you for comparison?		- N/A FOR TERS		
Or do they provide you with full salary and service data so you can calculate both AFCs under DRS's rules?				
To which system is SVC assigned?		- N/A FOR TERS		DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month.
How is this determined?		- N/A FOR TERS		If the member had overlapping service credit, we at DRS will do a member audit to remove the overlapping service credit from our side so that the member still has only 1 service credit per month.
Are there any other quirks or special circumstances that may arise under this scenario?				
		If the order were reversed (part-time with a DRS employer and THEN full-time with TERS, our response would have to be revised. The reverse situation would be complicated, and TERS would likely seek an external legal opinion to determine exactly how both AFC and SVC would be applied for a TERS benefit.		If by combining service credit the member reaches 30 years of service and can then retire early with an unreduced benefit, or if the member reaches 20 years combined to retire early with a reduced benefit.

Seattle	Tacoma	Spokane	DRS
22. Employee works FT with one DRS employer (Plan 2), and PT with another DRS employer (Plan 2).			
How is their AFC calculated?			
			<p>If the member is working for multiple employers in the same retirement system, like PERS 2, then the employers are all reporting individually in the same month and the same system. The AFC at DRS is calculated using the highest consecutive 60 months of earnings. If there are gaps in employment, the AFC period could be longer than 60 months.</p>
To which plan is SVC allotted?			
			<p>DRS awards 1 service credit for 90+ hours per calendar month, .50 service credit for 70-89 hours per calendar month and .25 service credits for 69 hours or less per calendar month. Even if the total number of hours is 280 for a month, the member still only earns 1 service credit for that month. A member cannot be both in PERS 2 and PERS 3 concurrently.</p>
23. Employee works PT with one DRS employer (Plan 3), and PT with another DRS employer (Plan 2):			
			N/A
24. Employee works PT with one DRS employer (Plan 2), and FT with another DRS employer (Plan 3).			
			N/A

Seattle	Tacoma	Spokane	DRS
25. Are there any quirks or special circumstances to consider? For example, if the two positions are in different retirement systems?			

a. If the member is concurrently in PERS 2 or 3 and SERS 2 or 3 then we use the earnings from the concur screen to populate the AFC worksheet for the AFC. If there is also concurrent/overlapping service credit, then we will do a member audit to remove however much from PERS that is over 1 service credit per month as the service credit by law must stay in SERS.

b. If the member is concurrently in say TRS 2 or 3 and PERS 2 or 3, we would populate the AFC worksheet with the concurrent earnings from both plans for the AFC. If there is overlapping service credit in a certain month it will need to be removed from the system in which the member is least benefited.

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