

Retirement OUTLOOK

For Retired Members / PERS, TRS, SERS, LEOFF, WSPRS, Judges

Summer 2003

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Our New Look!

The *Retirement Outlook—Retiree Edition* is published twice each year, in the summer and winter, by the Department of Retirement Systems. This is the same publication you're used to receiving, we've just given it a fresh new look.

The appearance has changed, but the content still focuses on matters that are important to you as a retiree of public service in Washington State.



Estate Planning: New Tools Ease the Transition

Whenever a death occurs in a family there are many important details, such as settling the estate, that the survivors must deal with. In the interest of making a difficult transition less stressful, DRS has added information on the DRS Web site, including a checklist to help ensure that your retirement benefits are transferred to your beneficiary correctly and promptly.

The checklist helps make the process as simple as possible. Designed for you to complete, print and file with your other legal documents (marriage certificate, will, living will, durable power of attorney, etc.), the checklist provides a convenient place to record the information your survivors will need to manage this part of your estate. You may download this useful planning tool from the DRS Web site at www.drs.wa.gov, then select "What's New" from the menu on the left side of the page.

Retire-Rehire Rules Change for Plan 1 Retirees

Retirement Outlook is published by the Washington State Department of Retirement Systems. The agency administers the following retirement systems for public employees throughout Washington State:

- Public Employees' Retirement System (PERS)
- Teachers' Retirement System (TRS)
- School Employees' Retirement System (SERS)
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
- Washington State Patrol Retirement System (WSPRS)
- Judicial Retirement System (JRS)
- Judges' Retirement Fund

DRS also administers the Deferred Compensation and Dependent Care Assistance Programs.

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Recent legislation changes the post-retirement employment provisions for Public Employees' Retirement System (PERS) Plan 1 retirees. Provisions in the original bill that would have impacted Teachers' Retirement System (TRS) Plan 1 retirees were vetoed by the Governor when the bill was signed into law.



Impact to Current PERS Plan 1 Retirees

If you are currently retired or retire prior to July 27, 2003, your return to work rules are similar to those in effect prior to the legislative change. If you return to work in an eligible position after a 30-day separation, you may work for a public employer up to 1,500 hours per calendar year while receiving a pension. If you work beyond 1,500 hours in a year your benefit will be suspended through the remainder of the year.

The new legislation creates a limit for the total number of hours that you work over 867. For each calendar year the hours worked over 867 and up to 1,500 are counted against a maximum lifetime limit of 1,900 hours. After the maximum has been reached, working more than 867 hours in any calendar year would result in a temporary suspension of pension benefits until the beginning of the next calendar year or termination of employment. The provisions of the lifetime limit are applied retroactively to any hours worked over 867 beginning in calendar year 2002.

Impact to New PERS Plan 1 Retirees

For members retiring after July 27, 2003, working for a public employer more than 867 hours in a year will result in a temporary suspension of benefits unless the retiree has been separated at least 90 days before returning to work. The employer must document a justifiable need to hire a retiree and must keep records of the hiring process. The law also specifies who must authorize the hiring. When those conditions are met, the retiree may receive pension benefits while working up to 1,500 hours each year.

Members retiring after July 27, 2003, are subject to the same 1,900 hour limit for hours worked in a calendar year between 867 and 1,500 and suspension of pension benefits as described above. Additional details are available on the DRS Web site. A printed version of the information can be requested by calling 1-800-547-6657 or (360) 664-7000 in the Olympia area.

New Survivor Option for LEOFF Plan 1

A Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 1 retiree who marries after retiring or less than one year before retirement may now designate a current spouse to receive a survivor benefit. Effective July 1, 2003, LEOFF Plan 1 retirees can designate a current spouse if they:

- Have no legal orders concerning their retirement benefit,
- Have no eligible surviving spouse (as defined in RCW 41.26.162), and
- Have not previously selected a flexible survivor option.

The retiree must contact DRS to select this option. Retirees married prior to July 1, 2003 will have until June 30, 2004 to make the selection. A retiree who marries on or after July 1, 2003, may add their new spouse as a surviving beneficiary between their first and second wedding anniversaries.

LEOFF Plan 1 retirees will receive a letter in the mail providing more information about this new survivor option.

Adding a current spouse will actuarially reduce your benefit. Please contact DRS for an estimate of the impact on your benefit. The benefit will revert to the original amount if the retiree outlives the spouse.

Retirement Property Splits Now Possible

In the case of a marriage dissolution after retirement, a property division order can award the ex-spouse a portion of the member's retirement benefit. Current law provides that payments to the ex-spouse cease upon the retiree's or ex-spouse's death, whichever occurs first.

As of July 1, property division dissolution orders will provide the option of "splitting" the retirement account with the ex-spouse. When DRS receives and approves the property division order, the agency will create a separate retirement account for the ex-spouse. The ex-spouse's monthly payments will continue for his or her lifetime, even if the member is no longer living. This option may be used only if the retiree selected a survivor option for the ex-spouse at the time of retirement. [Note: This new provision does not apply to LEOFF Plan 1, Washington State Patrol Retirement System Plan 1, Judicial Retirement System or Judges' Retirement Fund retirees.]

For more information please see the on-line publications, *Can Legal Action Affect My Retirement Account?* and *How Can a Property Division Order Affect My Retirement Account?*, available on the agency's Web site or by calling DRS at 1-800-547-6657.



The proposed Washington Administrative Codes (WACs) regarding the information described on this page can be accessed on the DRS Web site.

Also available on the agency's Web site are "Frequently Asked Questions About Survivor Benefits."

Printed copies of all materials on the DRS Web site are available by calling the agency at 1-800-547-6657 or (360) 664-7000 in the Olympia area.

Legislation Creates Select Committee on Pension Policy

A new Select Committee on Pension Policy was created by recent legislative action to replace the Joint Committee on Pension Policy. The 20-member Select Committee will include two retiree representatives, four active retirement system member representatives, four employer representatives, eight state legislators, and the directors of the Department of Retirement Systems and the Office of Financial Management.

The Select Committee will study pension issues, the retirement systems' funding status, and actuarial assumptions. Based on their findings, the committee will make recommendations to the Legislature.

Retirement Outlook is available to members in alternate formats. For more information contact the editor at (360) 664-7097.

Cost of Living Adjustments for 2003

Many retirees will see an increase in their retirement payments at the end of July. Cost of living adjustments (COLAs) are effective July 1 for all of the retirement plans except Law Enforcement Officers and Fire Fighters' (LEOFF) Plan 1. LEOFF Plan 1 members received their COLAs in April.



Retirees in the Public Employees Retirement System (PERS) Plan 1 or the Teachers' Retirement System (TRS) Plan 1 must be at least 66 years old on July 1, and must have been retired at least one year to be eligible for a COLA. The amount of your monthly increase will be \$1.18 times your total years of service.

COLAs for the other retirement plans are applied as a percentage of your current monthly benefit. The percentage is based on your retirement date, changes in the Consumer Price Index since the year you retired, and previous COLAs that have been applied to your benefit. The maximum COLA that can be granted in a single year is 3 percent. The increases this year range from 1.37 to 3.00 percent. To be eligible, you must have been retired at least one year.

If you are eligible to receive a COLA, it will be automatically added to your regular monthly retirement payment.

Your Official Retirement Information Enclosed!

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