

PERS PLAN CHOICE AT A GLANCE

As a new Public Employees' Retirement System (PERS) member, or an eligible transfer member, you have the opportunity to choose between two retirement plans: PERS Plan 2 or PERS Plan 3. This *At a Glance* summary outlines key points and important steps to help you through the decision-making process. For more information, refer to your *Journey to Retirement* PERS Plan Choice Booklet.

The Department of Retirement Systems' (DRS) goal is to provide you with information and tools so you can make an informed choice for you and your family. We encourage you to take advantage of all the resources available to help you make your decision.

AM I A NEW MEMBER OR AN ELIGIBLE TRANSFER MEMBER?

New Member

You are a new member if you were first hired into an eligible position at a state agency or higher education employer on or after March 1, 2002 or a local government employer on or after September 1, 2002.

Eligible Transfer Member

You are an eligible transfer member if you are already a PERS Plan 2 member and you were employed in an eligible position at a state agency or higher education employer prior to March 1, 2002, or a local government employer prior to September 1, 2002.

HOW DO I KNOW WHICH PLAN IS BEST FOR ME?

Your individual circumstances will determine which is the best choice for you — PERS Plan 2 or PERS Plan 3. There are a number of factors to consider, including your comfort level with investment risk, your expected length of employment, how much you are earning and how much you have saved.

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This publication is not a substitute for reading the full plan materials. It is a brief outline intended to give you an overview of some of the features of PERS Plans 2 and 3. It is not a legal document. The operations of the Plan are governed by the Plan documents, which contain all of the technical provisions that govern the Plan. If there is any conflict between this document and the provisions of the Plan documents, the Plan documents will prevail.

New Members:

You have 90 days from your date of eligibility to make a decision. If you don't choose a plan during that time, you will automatically default to PERS Plan 3.

Eligible Transfer Members:

You must earn service credit during the January in which you transfer and turn in your Member Information Form by January 31.

WHAT ARE THE DIFFERENCES BETWEEN THE PLANS?

PERS Plan 2 is a **Defined Benefit** plan. It provides a guaranteed lifetime monthly retirement benefit. The benefit is based on the member’s length of employment and salary. The formula is given in the chart below, and is described on pages 6-8 of your PERS Plan Choice Booklet.

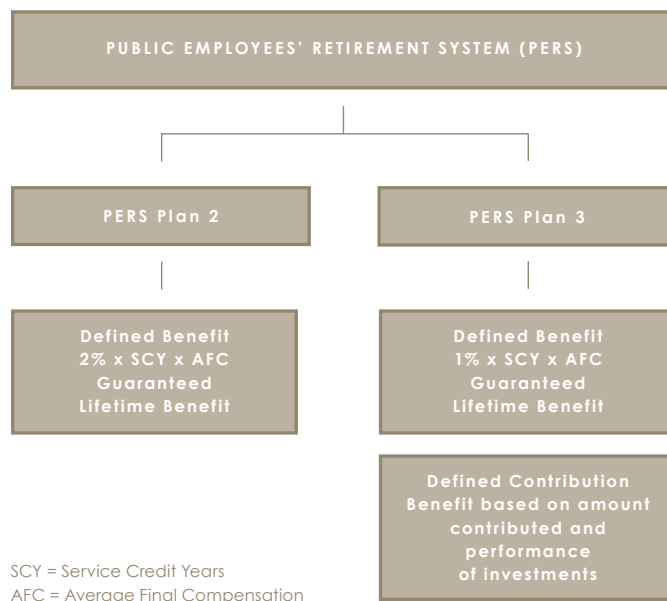
PERS Plan 3 has a benefit made up of two parts:

- A **Defined Benefit** component like PERS Plan 2, but providing half the benefit; and
- A **Defined Contribution** component, in which you have some flexibility and assume investment risk. You choose the level of your contributions and how they are invested.

Definitions:

Defined Benefit is a guaranteed retirement benefit based on service credit and average final compensation. The amount you or your employer contribute does not determine your retirement benefit.

Defined Contribution is a retirement benefit based on the amount contributed and the performance of the investments. Investment returns (both gains and losses) are credited to your Defined Contribution account.



For an overview of the two plans and how each can benefit you, see pages 18 and 19 of your PERS Plan Choice Booklet.

WHAT ELSE SHOULD I CONSIDER?

YOUR COMFORT LEVEL WITH ASSUMING INVESTMENT RISK

In PERS Plan 2, all of your retirement benefit is based on a formula, and that benefit is guaranteed. In PERS Plan 3, part of your benefit is based on a formula and is guaranteed. However, there is another part of PERS Plan 3 that is based on investment returns. This portion carries investment risk. Your investment choices are your responsibility and will determine how much risk your account is exposed to — and what kind of benefit you receive in retirement.

LENGTH OF EMPLOYMENT

How long you plan to be employed will impact your benefit in each plan, and should be a consideration in your decision.

PERS Plan 2 and the Defined Benefit portion of PERS Plan 3 are calculated based on your length of employment and salary. The longer you've been a PERS member when you retire, the more service credit you will have and the higher your pension benefit will be in each plan.

If you plan on retiring early, take note — eligibility for benefits is different in each plan. See the comparison chart on page 18 of your PERS Plan Choice Booklet to see how PERS Plan 2 and PERS Plan 3 compare.

CHANGES IN SALARY

In both plans, your member contribution is based on a percentage of your salary. If your salary changes, so does your contribution amount.

In PERS Plan 2, your retirement benefit is based on your salary, as well as your length of employment. Therefore, a higher salary will result in a higher retirement benefit. This is the same for the Defined Benefit portion of PERS Plan 3.

RETIREMENT GOALS

Your PERS retirement benefit is only part of your retirement income. You may also derive income from sources like Social Security, a deferred compensation plan, tax-sheltered annuities or an IRA.

Think about how your other sources of retirement income factor into your plan choice. How much additional retirement income will you need to meet your retirement goals in each plan?

HOW CAN I COMPARE THE BENEFITS OF EACH PLAN?

Financial modeling software factors in multiple variables for PERS Plan 2 and PERS Plan 3 and performs the complex calculations needed to project your future benefit in each plan. It allows you to compare the projected benefits for both plans based on your personal situation, including your contribution level and expected rate of return.

You can find out more about the software on page 15 of your PERS Plan Choice Booklet.

WHERE CAN I FIND HELP?

Several resources are available to help you:

- Journey to Retirement PERS Plan Choice Booklet
- Financial Modeling Software — available on the Web site
- Phone Support Center and E-mail — call 888-711-8773 or write pershelp@icmarc.org
- Video — For new members only, available on the Web or from your employer
- Web site - www.drs.wa.gov

ONCE I DECIDE, WHAT DO I DO?

New Member

If you choose PERS Plan 2, you need to fill out two forms — the Member Information Form and the Beneficiary Designation Form. You can find the forms in the back of your PERS Plan Choice Booklet or on the Web site.

If you choose PERS Plan 3, you need to fill out the same two forms to choose your contribution rate and make your investment selections. If you do not choose a contribution rate when you choose or default to PERS Plan 3, you will automatically default to rate Option A (5 percent), and the Washington State Investment Board's (WSIB) Total Allocation Portfolio (TAP).

Eligible Transfer Member

If you want to remain in PERS Plan 2, you do not need to do anything. Your benefit will continue to be reported in PERS Plan 2.

If you want to transfer to PERS Plan 3, you must earn service credit during the January in which you transfer and turn in your Member Information Form to your employer by January 31. You can find the form in the back of your PERS Plan Choice Booklet or on the Web site. If you do not choose a contribution rate when you transfer to PERS Plan 3, you will automatically default to rate Option A (5 percent), and the Washington State Investment Board's (WSIB) Total Allocation Portfolio (TAP).

Important Note:

If you don't choose a plan during your first 90 days of eligibility, you will default to PERS Plan 3.

Whether you choose your plan or default to PERS Plan 3, you will not be able to change your plan at a later date.