

90 Days to Choose Your Plan

You have 90 days to choose between two plans offered in PERS, SERS and TRS - Plan 2 and Plan 3. Carefully consider your options. Your plan choice is permanent. If you don't choose a plan within 90 days of becoming a public employee, you will automatically be placed in Plan 3, and you cannot later decide to become a member of Plan 2.

We understand you are busy in your new job with many decisions and responsibilities. Even so, we encourage you to take time to think about your retirement goals, compare features and make benefit projections. Then, select the plan that best fits your circumstances.

What to consider before choosing a plan

There are a number of things to consider when choosing between Plan 2 and Plan 3. Both plans offer a path to a successful retirement, but each one is designed to meet different needs. Here are some things to ask yourself as you weigh your options:

What is my future career path? Do you envision a lifetime career with an employer in the state retirement systems, or will you eventually be working in the private sector or in another state? These questions are important to consider whether benefits will go with you to a new job.

How soon do I want to retire? The two plans have different requirements for how long you have to work to be eligible for a benefit and how soon you can retire or access your funds. Consider these provisions as you think about how much time you have until your planned retirement date.

Do I want to be involved in investments for my plan? What is your risk tolerance? Are you comfortable making and managing investment selections, or would you prefer having those decisions made by investment professionals?

What options do I want for my contribution rate? Plan 2 and Plan 3 have different approaches to your retirement contributions. Think about how much comes out of your paycheck or if you want that amount to be determined and adjusted based on what is needed to fund your plan.

Use the Plan Choice Calculator

A standard practice for estimating retirement income needs is to base it on 80% of your income five to 10 years before you retire. As you evaluate Plans 2 and 3, use the Plan Choice Calculator (drs.wa.gov/choice) to compare retirement income projections based on plan selection and other variables, including your salary, when you plan to stop working and when you plan to start collecting retirement benefits.

What happens if you don't choose a plan?

Even though your employer will begin deducting Plan 2 contributions from your pay, you will default to Plan 3 after 90 days of employment if you do not formalize your choice. If you default, your contributions will be invested in the Retirement Strategy Fund that assumes you'll retire at age 65.

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Which plan is best for you? More resources are available to help you decide.

Find calculators, videos and plan handbooks at drs.wa.gov/choice

It's also important to consider other sources of retirement income as you calculate a projected monthly retirement benefit. Do you qualify for Social Security benefits? Do you have savings in other retirement plans from past employers? Do you have an IRA? These should be considered as you decide whether to join Plan 2 or Plan 3.

Supplemental savings programs
If you discover in your projections that you'll need more income in retirement, consider joining a supplemental savings program offered by or through your employer. The Washington State Deferred Compensation Program is such a program, giving you an opportunity to invest additional money for your retirement while lowering your taxable income while you work. Administered by DRS, the Deferred Compensation Program is offered through many public employers in the state. Sign-up is easy and you can start contributing as little as \$30 per month. Visit drs.wa.gov/dcp to learn more.

Friends and coworkers might offer advice, but everyone's circumstances are unique.

[DRS Information Line: 360-664-7000](tel:3606647000)

Key Features

Plan
2

A one-part plan with guaranteed income

No personal investments

One predetermined contribution rate that will vary over time

Earliest you can retire (with reduced benefit) 20 service credit years at age 55

Health insurance in retirement

If you receive PEBB coverage, you must begin receiving your retirement benefit as soon as you leave employment, or you will forfeit your coverage

Plan
3

A two-part plan. One part with a guaranteed income and one part with investment options

Investments you choose or have selected for you

Choose from six income contribution rates

Earliest you can retire (With reduced benefit) 10 service credit years at age 55

Health insurance in retirement

If you receive PEBB coverage, you can delay receiving your retirement benefit and still be eligible for coverage