

WAC 415-02-520 How can my Plan 1 or 2 retirement account be split¹ by a property division dissolution order? (1) **Who may use this section?** Vested members of LEOFF Plan 2, PERS Plan 1 or 2, PSERS, TRS Plan 1 or 2, SERS Plan 2, or WSPRS Plan 2 who have or will have a property division dissolution order or amendment dated on or after July 1, 2003². If your ex-spouse will be receiving an interest in your account, use WAC 415-02-510.

(2) **What are the rules for splitting my account?** If you and your ex-spouse are eligible, the department will split **your** retirement account into two separate accounts—one for you, and one for your ex-spouse. The rules for splitting your account are different depending on whether your dissolution order or most recent amendment is dated **BEFORE** or **AFTER** retirement.

(3) **How will my account be affected if the department accepts the property division dissolution order BEFORE my retirement?**

(a) The department will split your retirement account into two completely separate accounts and create an account for your ex-spouse under his or her Social Security number for the amount awarded in the dissolution order.

(b) The department will pay each of you out of your separate accounts either a monthly allowance or a withdrawal of contributions.

(c) If you retire and receive a monthly retirement allowance, your monthly retirement allowance will have a permanent reduction to offset the amount awarded as a monthly payment to your ex-spouse.

(d) Your monthly retirement allowance will be payable over your lifetime, and your ex-spouse's monthly payment will be payable over your ex-spouse's lifetime.

(e) You will have the right to choose a benefit option with a survivor feature. See WAC 415-02-320.

(f) Your ex-spouse will not have the right to choose a benefit option with a survivor feature, but may name a beneficiary to receive any final death payment that may be due.

(g) If you terminate employment, any decision you make about your accumulated contributions will have no effect upon your ex-spouse's separate account.

(h) When you or your ex-spouse dies, there will be no impact to the other person's retirement account because the accounts are independent from one another.

(i) Your ex-spouse may begin receiving monthly payments when your ex-spouse reaches retirement age for your retirement plan, or the first day of the month following the department's acceptance of the order, whichever is later. The minimum age for an ex-spouse to begin receiving a benefit from:

(A) TRS Plan 1 and PERS Plan 1 is age sixty;

(B) PERS Plan 2, PSERS, SERS Plan 2, and TRS Plan 2 it is age sixty-five;

(C) LEOFF Plan 2 is age fifty-three; and

(D) WSPRS Plan 2 is age fifty-five.

Your age or retirement eligibility has no effect on when your ex-spouse is eligible to begin receiving a monthly payment. Your ex-spouse must apply for his or her monthly payment according to the rules for your system and plan.

(j) Your ex-spouse may withdraw his or her share of the accumulated contributions at any time before receiving a monthly payment. Regardless of whether your ex-spouse withdraws or receives a monthly

payment, your monthly retirement allowance will be permanently reduced to account for your ex-spouse's share of your retirement account.

(4) **Is there a limit to the amount of contributions I can award to my ex-spouse?** Yes. The amount of contributions awarded to your ex-spouse cannot be greater than the **percentage** of your monthly retirement allowance used to determine the amount of the monthly payment awarded to your ex-spouse.

Example:

Accumulated contributions earned during the marriage period:	\$50,000
Member's monthly retirement allowance:	\$1,000
Percentage of member's monthly retirement allowance awarded to ex-spouse:	50%
Monthly payment awarded to ex-spouse:	\$500 (50% of \$1,000)
Contributions awarded to ex-spouse:	\$25,000 (50% of 50,000)

(5) **What happens if my retirement account was split and then I retire early?**

(a) If you are eligible and decide to retire early, or must retire early because of a disability, your retirement plan may require that your monthly retirement allowance be reduced by an early retirement factor (ERF) or by some other method. See WAC 415-02-320.

(b) To determine the reduction to your monthly retirement allowance (when an ERF is used) because of your preretirement split (see subsection (3)(c) of this section), the adjustment to the amount awarded to your ex-spouse in the dissolution order will be reduced by the ERF used to reduce your monthly retirement allowance.

Example: You are a member of PERS Plan 2 and retire for disability two years before you are eligible for a service retirement. The dissolution order awarded your ex-spouse a monthly payment of five hundred dollars.

Your monthly retirement allowance before ERF is applied:	\$2,500	
ERF (factor for retiring two years early)	0.82	
Your base allowance:	\$2,050	(\$2500 x 0.82 ERF)
Adjustment for divorce split:	- \$410	(ex-spouse's \$500 x 0.82 (ERF))
The monthly retirement allowance you will receive:	\$1640	(\$2050 - \$410)

Your ex-spouse will receive the full monthly amount (\$500) that was awarded to him or her in the dissolution order, regardless of your benefit amount.

(6) **What language must be used for a property division dissolution order or amendment that is accepted by the department BEFORE my retirement?**

(a) The order must include the language provided below. Do **not** use the language in RCW 41.50.670(2). The exact dollar amount of your ex-spouse's monthly payment must be specified. Do not use formulas or percentages.

The Department of Retirement Systems (department) shall create an account for _____ (ex-spouse) in the _____ (name of retirement system and plan) and transfer \$_____ from _____'s (member's) accumulated contributions account into _____'s (ex-spouse's) account. If _____ (ex-spouse) does not withdraw the contributions and becomes eligible, the department will pay him or her \$_____ (amount) as a monthly payment for his or her life. If _____

(member) retires and receives a monthly retirement benefit payment, the payment will be permanently reduced to account for _____'s (ex-spouse's) monthly payment. This provision shall become effective no more than 30 days after the department's acceptance of the order.

(b) If you are a member of PERS Plan 1 or TRS Plan 1, the amount of service credit awarded to your ex-spouse must be specified in the order if he or she is awarded a portion of gainsharing payments and cost-of-living adjustments. Because gainsharing payments and cost-of-living adjustments are based on service credit, the following paragraph must be included:

If _____ (ex-spouse) receives a monthly retirement payment, the department shall use _____ (number) months of service credit to calculate future gainsharing payments, if any, and cost-of-living adjustments when he or she becomes eligible.

(7) How will my account be affected if the department accepts the property division dissolution order AFTER my retirement?

(a) The department will split your retirement account *only if* you selected your ex-spouse to receive survivor benefits at the time you retired. If you did not select your ex-spouse to receive survivor benefits at the time you retired, you cannot use this section. You *must* use WAC 415-02-510.

(b) If you selected your ex-spouse to receive survivor benefits at the time you retired, the rules in subsection (3)(a) through (f) of this section will apply.

(c) At the time the department splits your account, your ex-spouse will be removed as the survivor beneficiary on your account.

(d) Regardless of his or her age, your ex-spouse will begin receiving a monthly payment the first month after the department has accepted the dissolution order.

(8) If the property division dissolution order is dated AFTER my retirement, how will my monthly retirement allowance be calculated after the split?

(a) The dissolution order must state the exact dollar amount your ex-spouse is to receive as his or her separate monthly payment. The following describes how the new amount of your monthly retirement allowance will be calculated, assuming your ex-spouse was awarded a monthly payment of one thousand dollars in the dissolution order.

Step 1 The department will determine the single life benefit of your current monthly retirement allowance by dividing your current monthly allowance by the survivor option factor (see WAC 415-02-380) in effect at the time of the split.

Example:

Current monthly retirement allowance = \$1679.38

Option factor = 0.9400000

Single life benefit amount = $\$1679.38 / 0.9400000 = \1786.57

Step 2 The single life benefit (\$1786.57) is divided by your annuity factor (see WAC 415-02-360) to determine the current present value of the single life benefit amount. The annuity factor the department uses is the factor for your age as of the date of the split.

Example:

Your age at time of the split = 61 years old
Annuity factor for age 61 = 0.0084149
Present value of single life benefit = $\$1786.57/0.0084149 =$
 $\$212,310.31$

Step 3 The department then determines the present value of your ex-spouse's share by dividing your ex-spouse's monthly payment (as awarded in the dissolution order) by your ex-spouse's annuity factor. The annuity factor is the factor for your ex-spouse's age as of date of the split.

Example:

Ex-spouse's monthly benefit amount = \$1000
Ex-spouse's age at time of the split = 67
Annuity factor for age 67 = 0.0095028
Present value of your ex-spouse's monthly benefit = $\$1000/0.0095028 = \$105,232.14$

Step 4 Next, the department subtracts your ex-spouse's present value from the single life benefit present value. The result is the present value of the benefit you will receive.

Example:

Present value of single life benefit = \$212,310.31
Less present value of ex-spouse's benefit = -105,232.14
Your present value = \$107,078.17

Step 5 The department determines the amount of your new monthly retirement allowance by multiplying your present value by your annuity factor.

Example:

Your present value = \$107,078.17
Annuity factor = 0.0084149
Your new monthly retirement allowance = $\$107,078.17 \times 0.0084149 =$
 $\$901.05$

(b) The department determines the percentage of the total present value each of you will receive by dividing each of your present value amounts by the single life benefit present value amount.

Example:

Your percentage of the single life benefit present value:
 $\$107,078.17/\$212,310.31 = .5043$
Your ex-spouse's percentage of the single life benefit present value:
 $\$105,232.14/\$212,310.31 = .4957$

(9) What language must be used in a property division dissolution order or amendment that is accepted by the department AFTER my retirement?

(a) The order must include the language provided below. Do **not** use the language in RCW 41.50.670(2). The exact dollar amount of your ex-spouse's monthly benefit must be specified. Do not use formulas or percentages.

The Department of Retirement Systems (department) shall create an account for _____ (ex-spouse) in the _____ (name of retirement system and plan) and pay him or her \$ _____ (amount) as a monthly benefit payment for his or her

life. To pay for this benefit, _____'s (retiree's) monthly retirement benefit payment will be reduced for his or her life. If (retiree) has any unused contributions remaining in his or her account, \$_____ (amount) shall be transferred to _____'s (ex-spouse's) account. This provision shall become effective no more than 30 days after the department's acceptance of the order.

(b) If the member is in PERS Plan 1 or TRS Plan 1, the amount of service credit awarded to the ex-spouse must be specified in the order if he or she is entitled to a portion of gainsharing payments and cost-of-living adjustments. Because gainsharing payments and cost-of-living adjustments are based on service credit, the following paragraph must be included:

If _____ (ex-spouse) receives a monthly retirement payment, the department shall use _____ (number) months of service credit to calculate future gainsharing payments, if any, and cost-of-living adjustments when he or she becomes eligible.

(10) Is there a maximum payment amount that the department will pay to my ex-spouse? Yes. See RCW 41.50.670(4) or WAC 415-02-500(10) for information.

(11) May I amend an existing order that awarded an interest in my account to my ex-spouse under WAC 415-02-520, and remove my ex-spouse as my survivor beneficiary? Yes. To remove your ex-spouse as your survivor beneficiary, you must submit a "conformed copy" of the court order splitting your account. A conformed copy is a copy of the order that has been signed by the judge or commissioner on or after July 1, 2003, and filed with the court. Removing your ex-spouse as your survivor beneficiary will change the amount of your monthly retirement allowance. See WAC 415-02-520(9) for the language that must be used.

Example:

Julio and May were married when Julio retired. Julio chose benefit Option 2 (joint and one hundred percent survivorship) when he retired, and named May as his survivor beneficiary. Two years after Julio's retirement, the couple divorced. The court awarded "one hundred percent of retirement benefits" to Julio. Julio later learned that this award did not change the survivor option. Julio may return to court and obtain an order stating that May is to receive "\$0" as the dollar amount for her separate monthly benefit. The order must use the language in WAC 415-02-520(9) and be signed by the court no sooner than July 1, 2003.

(12) How much is the fee the department charges for making payments directly to my ex-spouse? See RCW 41.50.680 and WAC 415-02-500(11) for information.

(13) What happens if I transfer to Plan 3 after the property division dissolution order has been filed with the department? See WAC 415-02-550 for information.

(14) Terms used:

(a) Department's acceptance - The department's determination that a dissolution order fully complies with the department's requirements and RCW 41.50.500.

(b) Dissolution order - RCW 41.50.500.

(c) Plan 3 - WAC 415-111-100.

(d) Vested - The status of a member who has the amount of service credit required by the member's system and plan for a service retirement when the age requirement is met.

Footnotes to section:

- ¹ When a court splits your retirement account, the department will establish a separate account for your ex-spouse. Once the account is established, your account and your ex-spouse's account are not tied in any way.
- ² If your ex-spouse was not listed as your survivor beneficiary at retirement, then no postretirement property division dissolution order (or postretirement amendment) may split your retirement account using WAC 415-02-520.

[Statutory Authority: RCW 41.50.050(5), 41.50.670, 41.50.680, 41.50.790. WSR 06-18-009, § 415-02-520, filed 8/24/06, effective 9/24/06. Statutory Authority: RCW 41.50.050(5), 41.50.500, 41.50.670 et seq., 41.50.790. WSR 04-09-043, § 415-02-520, filed 4/14/04, effective 5/15/04; WSR 03-24-049, § 415-02-520, filed 11/26/03, effective 1/1/04. Statutory Authority: RCW 41.50.050(5), 41.50.500, [41.50.]670-[41.50.]710, [41.50.]790 and 2002 c 158. WSR 03-12-014, § 415-02-520, filed 5/27/03, effective 7/1/03.]