

WAC 415-108-980 Will I receive a transfer payment when I transfer to Plan 3? (1) **PERS Plan 3 will be implemented on March 1, 2002.** If you transfer from PERS Plan 2 to PERS Plan 3 during the Phase 1 transfer period and establish service credit in June 2002, or transfer during the Phase 2 transfer period and establish service credit in either June 2002 or February 2003, you will receive a transfer payment to be added to your member account on or after June 1, 2003, once the department receives the transfer information from your employer. The transfer period and payment amount you will receive is based upon your employer type and your account balance as of March 1, 2002.

(a) You will receive a payment of one hundred and ten percent of your **transfer basis** if you are employed in an eligible position by a Phase 1 employer and you transfer to Plan 3 during the Phase 1 transfer period. State agencies and institutes of higher education are Phase 1 employers.

(b) You will receive a payment of one hundred and eleven percent of your **transfer basis** if you are employed in an eligible position by a Phase 2 employer and you transfer to Plan 3 during the Phase 2 transfer period. All other employers are Phase 2 employers.

(2) Your **transfer basis** is your total accumulated contributions (and interest) on March 1, 2002, less fifty percent of any contributions you made under RCW 41.50.165(2).

(3) If you request to transfer but die before payment is made, the transfer payment will be paid immediately to your defined contribution account. These moneys will be distributed when payment is made from your account to your estate, or the person or persons, trust or organization you nominated by the most recent written beneficiary designation filed with the department.

Examples:

Phase 1 Employer (110%) (state agencies and institutes of higher education)

- Al works for a Phase 1 employer and makes \$2,000 a month.
- On March 1, 2002, Al's defined benefit (DB) account balance is \$10,000.
- On June 1, 2002, Al transfers to PERS Plan 3 and chooses contribution rate option A (5%).
- On June 1, 2002, the department transfers approximately \$10,185 to Al's new defined contribution (DC) account. The transfer amount is the sum of:

- ♦ Al's \$10,000 account balance on March 1, 2002;
- ♦ Approximately \$50 in contributions between March 1st and June 1st; and
- ♦ Approximately \$135 in interest in Plan 2 at 5.5% annually, compounded quarterly.

- Al continues working for his Phase 1 employer through June 2003, including the month of June 2002.
- In June 2003, after he receives his transfer payment, Al will have approximately **\$22,385** in his DC account. Here is how:

- ♦ In June 2002, when Al transferred to Plan 3, he started with approximately \$10,185 in his DC account.
- ♦ He then made twelve monthly contributions of \$100 (5% of a \$2,000 salary, June 2002 through May 2003) for a total of \$1,200.

- ◆ In June 2003, he receives a transfer payment of \$11,000 (110% of \$10,000, his account balance on March 1, 2002).
- ◆ The total is approximate because it will depend on earnings or losses on the investments of the original amount transferred the previous year, and the contributions made to date.

Phase 2 Employer (111%) (local government)

- Peggy works for a Phase 2 employer and makes \$2,000 a month.
- On March 1, 2002, Peggy's defined benefit (DB) account balance is \$10,000.
- On November 1, 2002, Peggy transfers to PERS Plan 3 and chooses contribution rate option A (5%).
- On November 1, 2002, the department transfers approximately \$10,560 to Peggy's new defined contribution (DC) account. The transfer amount is the sum of:

- ◆ Peggy's \$10,000 account balance on March 1, 2002;
- ◆ Approximately \$140 in contributions between March 1st and November 1st;
- ◆ Approximately \$420 in interest in Plan 2 at 5.50% annually, compounded quarterly.

- Peggy continues working for her Phase 2 employer through June 2003, including the month of February 2003*.

* A Phase 2 employee can establish service credit in either June 2002 or February 2003.

- In June 2003, after she receives her transfer payment, Peggy will have approximately **\$22,360** in her DC account. Here is how:

- ◆ In November 2002, when Peggy transferred to Plan 3, she started with approximately \$10,560 in her DC account.
- ◆ She then made monthly contributions of \$100 (5% of a \$2,000 salary) for a total of \$700.
- ◆ In June 2003, she receives a transfer payment of \$11,100 (111% of \$10,000, her account balance on March 1, 2002).
- ◆ The total is approximate because it will depend on earnings or losses on the investments of the original amount transferred the previous year, and the contributions made to date.

(4) Terms defined:

Phase 1 employer: WAC 415-108-425.
 Phase 2 employer: WAC 415-108-425.
 Phase 1 transfer period: WAC 415-108-425.
 Phase 2 transfer period: WAC 415-108-425.
 Service: RCW 41.40.010 (9) (b).
 Transfer basis: RCW 41.40.795 (1) (b).
 Transfer period: RCW 41.40.795 (1) (a).

[Statutory Authority: RCW 41.50.050(5), 41.40.795. WSR 02-12-085, § 415-108-980, filed 6/4/02, effective 6/13/02. Statutory Authority: RCW 41.50.050(5), 41.32.8401, 41.35.630, 41.40.795. WSR 02-03-120, § 415-108-980, filed 1/23/02, effective 3/1/02.]