

**WAC 415-113-080 May I receive a retroactive payment from a prior system?** (1) **Eligibility.** You are eligible to receive a retroactive payment from a prior system if:

(a) You retire with a multiple system benefit according to WAC 415-113-055; and

(b) You were eligible to retire from a prior system with an unreduced benefit before the date of your multiple system retirement.

(2) **Accrual date.** At the time of your retirement from all dual member systems, you must choose the date on which the benefit from your prior system will accrue. This may be any date on or after the date you first became eligible for an unreduced retirement allowance from that system. The date you choose will affect your monthly retirement allowance from that system and your retroactive payment.

(3) **Monthly retirement allowance from prior system.** Your monthly retirement allowance from your prior system will be calculated under the rules of that system.

(a) **Service credit.** Your service credit is the actual credit earned in the prior system.

(b) **Average compensation.** Your average compensation is calculated under the rules in WAC 415-113-030(2) and 415-113-065. If you substitute base salary from another system, the base salary must have been earned prior to your chosen accrual date.

(4) **Retroactive payment.** Your retroactive payment will be computed by multiplying:

(a) The amount of your monthly retirement allowance in subsection (3) of this section; by

(b) The number of months from your accrual date to the month your first monthly retirement allowance is paid.

**Example.** Tom became a member of LEOFF 2 on January 1, 1981, and remained a member through December 31, 2000. He earned 20 years of service credit. Tom reached age 48 on December 31, 2000. His highest years of compensation in LEOFF 2 were as follows:

1996	—	\$49,200/year
1997	—	\$50,400/year
1998	—	\$51,600/year
1999	—	\$52,800/year
2000	—	\$54,000/year

Tom became a member of PERS 2 on January 1, 2001. He separated from service on December 31, 2014. He earned 14 years of service credit. On December 31, 2005, Tom reached age 53 and met the eligibility requirements for an unreduced retirement from his prior system (LEOFF 2). During the period of his PERS employment, Tom's compensation was as follows:

2001	—	\$55,200/year
2002	—	\$56,400/year
2003	—	\$57,600/year
2004	—	\$81,600/year
2005	—	\$82,800/year
2006	—	\$84,000/year
2007	—	\$85,200/year

2008	—	\$86,400/year
2009	—	\$87,600/year
2010	—	\$88,800/year
2011	—	\$90,000/year
2012	—	\$91,200/year
2013	—	\$92,400/year
2014	—	\$93,600/year

Upon separation on December 31, 2014, Tom chooses to retire from both LEOFF 2 and PERS 2 with a multiple system benefit. Because Tom met the eligibility requirements for an unreduced benefit from LEOFF 2 on December 31, 2005, he may choose an accrual date on or after January 1, 2006. His benefit will vary depending on the accrual date chosen. For example, an accrual date of January 1, 2006, yields a different result from an accrual date of January 1, 2009, as shown in Option 1 and Option 2 below. Tom may also retire from both systems with a January 1, 2015, effective date, as shown in Option 3.

**Option 1: Accrual date of January 1, 2006.** Tom chooses January 1, 2006, as the accrual date for his LEOFF 2 benefit.

**Monthly allowance:** The department will compare Tom's average compensation in LEOFF 2 with his highest sixty consecutive months of base salary in PERS 2, and will use whichever is greater in the calculation of his LEOFF 2 monthly allowance. Note: Tom's PERS 2 base salary must have been earned prior to January 1, 2006.

- Tom's average compensation, based on his highest sixty consecutive months of service in LEOFF 2, is:

$$\frac{\$49,200 + \$50,400 + \$51,600 + \$52,800 + \$54,000}{60} = \$4,300/\text{month}$$

- Tom's base salary, based on his highest sixty consecutive months of service in PERS 2, is:

$$\frac{\$55,200 + \$56,400 + \$57,600 + \$81,600 + \$82,800}{60} = \$5,560/\text{month}$$

The highest average compensation, i.e., \$5,560/month, will be used in the calculation of Tom's LEOFF 2 monthly allowance.

	LEOFF 2 Benefit Calculation	PERS 2 Benefit Calculation <sup>1</sup>
Service credit	20 yrs	14 yrs
Average compensation	\$5,560/month	\$7,600/month
2% monthly benefit	2% x 20 x \$5,560 = \$2,224/month <sup>2</sup>	2% x 14 x \$7,600 = \$2,128/month

**Retroactive payment.** Tom will receive a retroactive payment representing monthly retirement payments from January 1, 2006 (accrual date), through December 31, 2014, including applicable COLAs. This is nine years or one hundred eight monthly payments. His retroactive payment will be \$240,192, calculated as follows:

$$108 \times \$2,224 = \$240,192$$

(This assumes no COLAs were given during the nine-year period. If COLAs were given, the retroactive payment would be greater.)

**Total multiple system benefit (LEOFF 2 and PERS 2):** Tom will receive a retroactive payment of \$240,192 from LEOFF 2. He will receive a total monthly allowance of \$4,352 (\$2,224 from LEOFF 2 and \$2,128 from PERS 2), beginning January 1, 2015.

**Option 2: Accrual date of January 1, 2009.** Tom chooses January 1, 2009, as the accrual date for his LEOFF 2 benefit.

**Monthly allowance:** The department will compare Tom's average compensation in LEOFF 2 with his highest sixty consecutive months of base salary in PERS 2, and will use whichever is greater in the calculation of his LEOFF 2 monthly allowance. Note: Tom's PERS 2 base salary must have been earned prior to January 1, 2009.

- Tom's average compensation, based on his highest sixty consecutive months of service in LEOFF 2, is:

$$\frac{\$49,200 + \$50,400 + \$51,600 + \$52,800 + \$54,000}{60} = \$4,300/\text{month}$$

- Tom's base salary, based on his highest sixty consecutive months of service in PERS 2, is:

$$\frac{\$81,600 + \$82,800 + \$84,000 + \$85,200 + \$86,400}{60} = \$7,000/\text{month}$$

The highest average compensation, i.e., \$7,000/month, will be used in the calculation of Tom's LEOFF 2 monthly allowance.

	<b>LEOFF 2 Benefit Calculation</b>	<b>PERS 2 Benefit Calculation<sup>1</sup></b>
Service credit	20 yrs	14 yrs
Average compensation	\$7,000/month	\$7,600/month
2% monthly benefit	2% x 20 x \$7,000 = \$2,800/month	2% x 14 x \$7,600 = \$2,128/month

**Retroactive payment.** Tom will receive a retroactive payment representing monthly retirement payments from January 1, 2009 (accrual date), through December 31, 2014, including applicable COLAs. This is six years or seventy-two monthly payments. His retroactive payment will be \$201,600, calculated as follows:

$$72 \times \$2,800 = \$201,600$$

(This assumes no COLAs were given during the six-year period. If COLAs were given, the retroactive payment would be greater.)

**Total multiple system benefit (LEOFF 2 and PERS 2):** Tom will receive a retroactive payment of \$201,600 from LEOFF 2. He will receive a total monthly allowance of \$4,928 (\$2,800 from LEOFF 2 and \$2,128 from PERS 2), beginning January 1, 2015.

**Option 3: Accrual date of January 1, 2015 (no retroactive payment).** Tom is not required to choose a retroactive payment from his prior system. He may choose a multiple system benefit of \$5,168/month calculated as follows:

**Monthly allowance:** The department will compare Tom's average compensation in LEOFF 2 with his highest sixty consecutive months of base salary in PERS 2, and will use whichever is greater in the calculation of his LEOFF 2 monthly allowance.

- Tom's average compensation, based on his highest sixty consecutive months of service in LEOFF 2, is:

$$\frac{\$49,200 + \$50,400 + \$51,600 + \$52,800 + \$54,000}{60} = \$4,300/\text{month}$$

- Tom's base salary, based on his highest sixty consecutive months of service in PERS 2, is:

$$\frac{\$88,800 + \$90,000 + \$91,200 + \$92,400 + \$93,600}{60} = \$7,600/\text{month}$$

The highest average compensation, i.e., \$7,600/month, will be used in the calculation of Tom's LEOFF 2 monthly allowance.

	LEOFF 2	PERS 2
Service credit	20 yrs	14 yrs
Average compensation	\$7,600/month	\$7,600/month <sup>1</sup>
2% monthly benefit	2% x 20 x \$7,600 = \$3,040/month	2% x 14 x \$7,600 = \$2,128/month

**Total multiple system benefit (LEOFF 2 and PERS 2):** Tom will not receive a retroactive payment. He will receive a total monthly allowance of \$5,168 (\$3,040 from LEOFF 2 and \$2,128 from PERS 2), beginning January 1, 2015.

<sup>1</sup>Tom's PERS 2 allowance will be based on sixty consecutive months of PERS service, which yields a greater AFC than sixty consecutive months of LEOFF 2 base salary.

$$\frac{\$88,800 + \$90,000 + \$91,200 + \$92,400 + \$93,600}{60} = \$7,600/\text{month}$$

His PERS 2 allowance is NOT affected by his retroactive payment from LEOFF or by the accrual date he chooses.

<sup>2</sup>In certain cases, an increased benefit may be available from LEOFF Plan 2 (WAC 415-113-084).

[Statutory Authority: RCW 41.50.050(5) and chapter 41.54 RCW. WSR 06-18-008, § 415-113-080, filed 8/24/06, effective 9/24/06; WSR 02-18-046, § 415-113-080, filed 8/28/02, effective 9/30/02. Statutory Authority: RCW 41.50.050. WSR 99-22-043, § 415-113-080, filed 10/29/99, effective 11/29/99; WSR 95-03-001, § 415-113-080, filed 1/4/95, effective 2/4/95.]